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Dutch Say Soviet Moratorium Won't Alter Stance on Missiles

By John Tagliabue
New York Times Service

BONN — The Dutch government sees no reason to alter its stance on the stationing of cruise missiles on its soil as a result of a Soviet moratorium on the deployment of SS-20 missiles in Europe, a Dutch Foreign Ministry spokesman said.

The Soviet leader, Mikhail S. Gorbachev, announced Sunday that Moscow was freezing deployment of medium-range missiles in Europe until November and challenged the United States to do the same. The White House dismissed the Soviet move as insufficient, saying that the Soviet Union already had a 10-1 advantage in missile strength in Europe.

The Netherlands is the only country that has yet to decide whether to honor its commitment to the North Atlantic Treaty Organization to accept medium-range U.S. nuclear weapons. Under current arrangements, the government is scheduled to decide in November whether to deploy 48 Tomahawk cruise missiles on its soil, according to a 1979 NATO decision. Foreign Minister Hans van den Broek is scheduled to fly to Moscow on Tuesday to elaborate the Dutch position to Soviet leaders.

The timing of the Soviet moratorium, which is set to end in November, is thought possibly to be related to the Dutch deadline. In The Hague, the Foreign Ministry's deputy spokesman, Bert Wildenburg, said Sunday that the Soviet announcement would not affect his government's decision.

"We will wait and see until Nov. 1," Mr. Wildenburg said. But he said Mr. van den Broek would also be seeking details of the Soviet proposal. "Maybe he will return with answers that are more specific," he said.

[Tass said Monday that Washington's declared reason for rejecting Mr. Gorbachev's unilateral missile moratorium was a "gross lie." Reuters reported from Moscow.

A military writer for the official Soviet press agency, Vladimir Chernyshev, said the United States had deliberately ignored its own forward-based nuclear systems and those of Britain and France when it dismissed Mr. Gorbachev's freeze. "It is an unobjective view, to put it mildly, or a gross lie to put it straightly," the commentator said.

[The Tass article said Washington had "hastily dismissed the U.S.S.R.'s new peace initiatives" and added, "It seems the U.S. administration wishes neither an arms reduction nor the renunciation of the arms buildup."

The Dutch Parliament, in a complex decision, voted in June to accept the cruise missiles in 1985, two years later than originally planned, unless an arms limitation pact was reached with the Soviet Union by Nov. 1, 1985.

"We will make our count next November, and compare it with the number last June," the spokesman said, alluding to the Europe-based Soviet missiles. "All things are open for the Dutch."

West Germany, Italy and Britain began receiving medium-range missiles on schedule in the autumn of 1983. Last month, the Netherlands became the only government involved not committed to deployment when the Belgian government approved the immediate deployment of 16 cruise missiles on its territory.

Belgium agreed to deploy 48 cruise missiles at Florennes Air Base, about 40 miles (about 65 kilometers) south of Brussels. But the government said stationing of the remaining 32 missiles might be postponed or abandoned if progress appeared likely at the Geneva arms talks by the end of 1987. The cruise missile is a low-flying, pilotless craft.

The announcement of the moratorium by Mikhail S. Gorbachev, the Soviet leader, coincided with widespread demonstrations throughout Western Europe against increased nuclear armaments. In West Germany, Britain



Nearly 15,000 opponents of nuclear weapons encircled a U.S. Army base on Monday at Heilbronn, West Germany, to protest the presence there of U.S. Pershing-2 missiles.

U.S.-Soviet Exchange on Missile Freeze Signals a Sharpening of Differences

By Bernard Gwertzman
New York Times Service

WASHINGTON — The public exchange Sunday between Mikhail S. Gorbachev and the White House signaled that, despite talk of a Soviet-American summit meeting, the sharp political differences between the two sides may intensify in coming months.

The chief issue that aroused the ire of the Reagan administration was what it saw as another effort by the Soviet Union to stop the United States and its North Atlantic Treaty Organization allies from deploying new missiles to offset what they contend is a Soviet advantage in Europe. Mr. Gorbachev, in answers to questions put by the Communist Party daily newspaper Pravda, announced Sunday a unilateral freeze on the deployment of medium-range missiles in Europe until November.

The substance and tenor of the exchange suggested that the projected meeting between President Ronald Reagan and Mr. Gorbachev was becoming linked with progress in the Geneva arms talks, even though neither side has made an explicit connection between the two.

Mr. Gorbachev seemed to offer a conciliatory hand to the United States by confirming that he had agreed in principle to meet with Mr. Reagan. But at the same time his moratorium seemed designed to cause dissension in the North Atlantic Treaty Organization and to undercut U.S. interests in Europe, U.S. officials said.

The White House responded swiftly to his announcement of a freeze. Speaking in Santa Barbara, California, the White House spokesman, Larry Speakes, dismissed it as insufficient and designed to maintain an already existing Soviet advantage.

His focus on Mr. Gorbachev's missile proposal suggested that the brief pause in acrimonious relations between the United States and the Soviet Union may be over.

What led the vacationing White House to respond so quickly to Mr. Gorbachev's arms control statements of senior officials at the fact that the Russians were going public with private positions that they know are unacceptable to the administration. The Americans were also annoyed by what a State Department official called the "ultimatum sound" to what Mr. Gorbachev called his "goodwill" announcement.

Mr. Gorbachev said the Soviet Union, to move the arms talks forward, would immediately forgo the deployment of additional intermediate-range missiles and would stop taking the "reply-measures" in Europe that were announced after the West began the deployment of new Pershing-2 and land-based cruise missiles in Europe in 1983. The moratorium, however, will be extended after its November deadline only if the United States halts the deployment of the two missiles, he said.

Mr. Gorbachev did not say why November was chosen as the cutoff date, but most discussions about the possible time of a Reagan-Gorbachev meeting have focused on October in New York or Washington, or both, at the time of special United Nations ceremonies marking the 40th anniversary of the General Assembly.

In addition, there is a sense that the Soviet side is trying again to put pressure on the Netherlands not to deploy cruise missiles, and to aid the peace-movement efforts in West Germany and Britain to block further missile deployments. The Netherlands is scheduled to decide in November whether to go ahead with deployment.

The November deadline also irked some U.S. officials because they saw Mr. Gorbachev again trying to block the NATO alliance.

(Continued on Page 2, Col. 5)

Unions Call Off General Strike, Sudan Reports

Compiled by Our Staff From Dispatches

KHARTOUM, Sudan — Professional unions here called off a general strike Monday following consultations between union leaders and officials of the military regime that took power in a coup over the weekend. Omdurman radio reported.

While there were some demonstrations, Khartoum was mainly calm on Monday with most shops and businesses open as usual. Telex and telephone communications with the outside world, cut since Wednesday, were restored. Electricity and fuel supplies were also returned to normal, although Khartoum airport remained closed.

Earlier Monday, however, thousands of union members defied a warning from the new military ruler and marched on army headquarters to demand that power be surrendered to civilians. The new ruler, General Abdul Rahman Swareddahab, summoned union leaders for consultations and threatened to charge with high treason anyone calling for continuation of the general strike that has disrupted the economy.

In Washington, meanwhile, U.S. government officials said that General Swareddahab met separately Sunday with the senior U.S., Egyptian and Saudi Arabian diplomats in Khartoum and reassured them that he will keep Sudan on a pro-Western course. (Page 6)

General Swareddahab overthrew Major General Gaafar Nimeiri in a military coup on Saturday while General Nimeiri was out of the country. The unions had vowed to continue the strike until the state security apparatus was dismantled and power transferred "from the army to the people."

The end of the strike and an appeal by union leaders for all union members to return to work as usual was broadcast by Omdurman radio, the national radio network in Sudan, following a series of meetings between the new government and the unions.

The new government has already disbanded the state security police, arresting and disarming scores of former operators and officers. Diplomats said that some former officers have offered some resistance and that several shootouts have been reported.

The government has also rolled back certain price increases that were announced by General Nimeiri before his downfall. He had been under pressure from the International Monetary Fund to impose a measure of austerity on the country's near bankrupt economy. Monday's demonstrations in

(Continued on Page 2, Col. 5)



Abdul Rahman Swareddahab

Soviet Diplomatic Effort In Southeast Asia Seen

By Barbara Crossette
New York Times Service

JAKARTA — The Soviet Union, which has been increasing its military presence in Southeast Asia through the use of port and air installations in Vietnam and Cambodia, is now apparently trying to play a larger diplomatic role in the region.

Mikhail S. Kapitsa, the Soviet deputy foreign minister, who has been on a monthlong tour of Southeast Asian capitals, said at a news conference here last week that Moscow was prepared to act as a "guarantor" of peace in the region, once the countries in the area reached agreement on Cambodia.

He supported Vietnam's call for an international conference on Indochina including such nations as India, Sweden and Australia, as well as neighboring countries. All three maintain strong links with Hanoi. India recognizes the Cambodian government.

The Soviet initiative comes as the Association of Southeast Asian Nations, including Thailand, Malaysia, Singapore, Indonesia, Brunei and the Philippines, is trying to persuade the Reagan administration to take a more active role in the region. ASEAN is also pressing Hanoi to make gestures toward Vietnam that could open the way for diplomatic relations between Vietnam and the United States. Hanoi has repeatedly expressed interest in ties with Washington.

Several ASEAN leaders, including Indonesia's foreign minister, Mochtar Kusumaatmadja, who serves as the group's spokesman on Cambodia in talks with Vietnam, have criticized the Soviet Union for trying to divide the non-Communist ASEAN bloc.

The Soviet Union and Vietnam have for some time fostered the idea that Indonesia and, to a lesser extent, Malaysia have been more amenable to Hanoi's position on Cambodia. The Vietnamese have portrayed Thailand, which has taken the hardest line against Hanoi, as the problem, largely because of its direct involvement in the conflict.

On this trip, Mr. Kapitsa has been urging ASEAN nations to accept Hanoi's formula for a Cambodian solution. He said at a news conference here that he believed several ASEAN nations were moving toward that position.

Hanoi's position was outlined in a statement issued in Ho Chi Minh City in January by the foreign ministers of Vietnam, Cambodia and Laos. This alluded to the "irrevers-

ibility" of the military and political situation in Cambodia, but made withdrawal of Vietnamese troops contingent on the elimination of the Khmer Rouge leadership.

The Khmer Rouge under Pol Pot, remnants of the Cambodian Communist government removed by the Vietnamese in 1979, are the most powerful fighting force in the three-part, anti-Vietnamese Cambodian resistance coalition. Vietnam still has more than 160,000 troops in Cambodia.

Prince Norodom Sihanouk, a former Cambodian leader who is president of the resistance coalition, responded to Hanoi's condition for withdrawal at a news conference in Bangkok in February. He said, "If Vietnam has not been able to remove the Khmer Rouge in six years of fighting, how can they expect us to do it for them?"

In a press briefing here Saturday, Mr. Mochtar, who met Mr. Kapitsa last week on his return from talks in Hanoi, New York and Washington, suggested that the Soviet Union was sowing confusion within ASEAN.

"ASEAN does not accept the Ho Chi Minh City declaration," the Indonesian foreign minister said. "Because if you read it carefully, it amounts to recognizing the status quo, which we never have done and never will do. We do not accept the situation created by the Vietnamese invasion of Kampuchea." Kampuchea is the Cambodians' name for their country.

Mr. Mochtar said that on his visit to Hanoi last month the Vietnamese seemed more confident, since Vietnamese troops had taken control of most major Cambodian resistance bases on the border earlier this year.

■ Vietnamese Repel Rebels

Vietnamese troops held off a Cambodian guerrilla counterattack Monday inside the guerrillas' base at Nong Chan in western Cambodia, the Thai military said.

A deputy Thai border force commander said in a telephone interview with Reuters in Bangkok that Nong Chan was not yet fully under the control of the Vietnamese, who captured most of it on Sunday. The base is near the frontier with Thailand, about 150 miles (241 kilometers) east of Bangkok.

The officer said that six guerrillas were killed and about 15 wounded in the Vietnamese assault, and that the few hundred Khmer People's National Liberation Front guerrillas defending the camp had been pushed back to the border.

Greek Court Rules Ship Was Scuttled in Fraud

PIRAEUS, Greece — A Greek court upheld charges Monday that a supertanker that sank off Africa in 1980 was scuttled in an insurance fraud.

The court found that the crew of the ship had unloaded most of its cargo in South Africa, embezzling oil from its rightful owners, Shell.

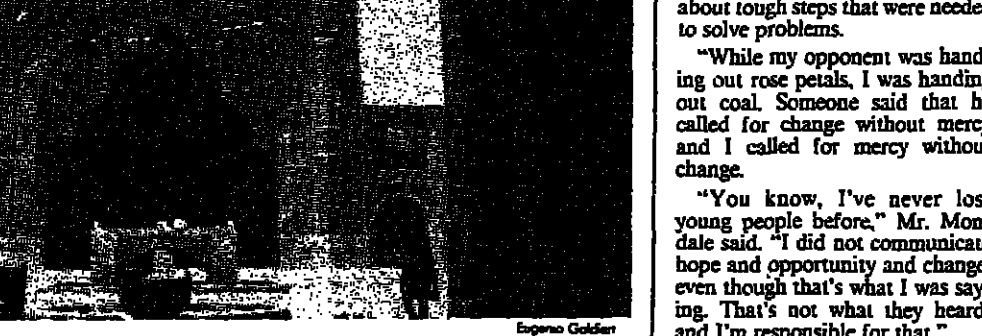
It jailed a shipping agent and four seamen for complicity in scuttling the 92,728-ton Salem. The ship sank off Senegal.

The court sentenced the agent, Nikos Mitakis, to 11 years for causing a shipwreck, embezzlement and insurance fraud. Four crewmen were given sentences ranging from two years and two months to four years.

Seven others were sentenced to three years each in their absence. Among them were a Lebanese-American, Frederick Soudan, the Salem's owner who has been convicted of fraud in Houston, Texas, and a Dutchman, Anton Reidel, who is due to stand trial in Rotterdam.

The prosecution charged that the Salem had unloaded most of its cargo in Durban, South Africa, in defiance of an Arab ban on oil sales to South Africa. The prosecution said the ship had been bought to deliver the oil from Kuwait, and that the scuttling had been planned.

The defense alleged that Shell



View of the Friday Mosque in Isfahan.

Major Mosque in Iran Was Shelled

By Souron Melikian
International Herald Tribune

PARIS — The most artistically important mosque in Iran, the huge Friday Mosque, was severely damaged by Iraqi bombing raids on Isfahan last month, according to sources in Paris and Tehran.

Chahryar Adle, the Iranian official responsible for submitting to the United Nations Educational, Scientific and Cultural Organization a list of Iranian artistic monuments, said: "This is the greatest cultural casualty since the damage that was inflicted on the temples at Angkor." He was referring to Angkor Wat, the 12th-century Cambodian temple complex, which was shelled during the Cambodian conflict in the 1970s.

Noting that no strategic or economic military target lies within miles of the mosque, the sources said they wondered if the Iraqis were again attacking artistic treasures in an attempt to damage Iranian morale. Art historians noted that in the initial stages of the Iraqi invasion of southwestern Iran in 1980, the historic center of Dezful was devastated for no perceptible military purpose. The first bombing of Isfahan also was in 1980.

The Friday Mosque, or Masjid-e Jom'e, covers 23,000 square meters (250,000 square feet) and stands out clearly in the many aerial photographs of Isfahan that have been published.

The southeast corner of the mosque was the worst affected by the bombings, the sources said. As Iraqi fighters flew over the historic center of one of the great art cities of the world on March 13, a rocket was fired at the arched prayer hall, destroying 14 cupolas dating to the 14th century.

Several arches around the destroyed area were split and are in danger of collapsing.

The same rocket flattened the caravansary of Shekar Beg, the palatial quarters adjacent to the southeast corner of the mosque, and 20 vaulted rooms belonging to the small bazaar of Ali. These were erected under the Safavid dynasty (1502-1722), when much of the royal city of Isfahan was redesigned.

A second rocket hit the Maydan-e Kohna, or Old Square, in the middle of the oldest bazaar of Isfahan, the Bazaar-e Araban, where 14 vaulted rooms were destroyed.

The Friday Mosque was built principally between the 10th and 16th centuries.

Mondale Comes to Terms With Loss

By Dan Balz
Washington Post Service

WASHINGTON — Walter F. Mondale says that his failings as a communicator contributed significantly to his crushing defeat last year, and he also expressed resentment toward the Reverend Jesse L. Jackson for making "life quite difficult for me."

"I tried to treat the first black candidate for president of the United States with dignity and to accept the seriousness of that candidacy, and I believe that was right," Mr. Mondale said in an interview. "I don't believe that Jesse treated me in an equivalent way."

The former vice president acknowledged that marathon campaigning had left him "exhausted, bone tired" and that its end, in which he lost 49 states to President Ronald Reagan, had brought "tremendous relief" and disappointment.

"There's no question that history will record that I took a helluva shellacking," Mr. Mondale said.

"Now I think there's a lot of things I'm going to be blamed for, and many of those criticisms I accept," he added. "I think if you look at the campaign in retrospect, I looked like a person who was always talking about problems, about tough steps that were needed to solve problems."

"While my opponent was handing out rose petals, I was handing out coal. Someone said that he called for change without mercy and I called for mercy without change."

"You know, I've never lost young people before," Mr. Mondale said. "I did not communicate hope and opportunity and change, even though that's what I was saying. That's not what they heard, and I'm responsible for that."

Mr. Mondale spoke kindly of Senator Gary Hart of Colorado, his chief competitor for the Democratic nomination.

"At the convention, he was the first to come to me and sign up," Mr. Mondale said. "He did everything he could to produce a successful convention, and he went out of that convention and he did everything he could for me in that campaign."

But asked whether he should have handled the challenges from Mr. Jackson differently, Mr. Mondale replied in tough and measured terms. "I am not happy with the situation at all," he said. "Whether I could have handled it differently, I don't know."

Mr. Mondale, who sought to avoid confrontation with Mr. Jackson throughout the campaign, continued: "I earned my spurs in the civil rights movement. All my life, not for political but for religious reasons, moral reasons, that's where I've been, and I'm proud of it, and I'll always be there." Mr. Jackson "did not accept that, and it made life quite difficult for me."

Mr. Mondale expressed no re-



A WHAMO TIME — A youth dances in the aisle during a Beijing rock performance by Wham. Page 2.

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Fighting Escalates in Beirut and Sidon

United Press International

BEIRUT — Fighting escalated Monday in Beirut, in the mountains east of the capital and in the southern port of Sidon, heightening fears that the conflict would become a civil war between Christian and Moslem militias.

Sidon's Christian and Moslem religious and political leaders met Monday to discuss ways of ending the fighting, which has claimed

more than 70 lives in the past three weeks.

Also attending the Sidon meeting were the defense minister, Adel Ossiran, top Lebanese army officers, Christian and Moslem members of Parliament from the Sidon area, and a representative each from the Shiite Amal militia and the Christian Phalangist party.

Prime Minister Rashid Karami also met Monday with the U.S.

ambassador, Reginald Bartholomew, but both men declined to comment after the brief session at Mr. Karami's office in Moslem West Beirut.

[In the Sidon fighting, three persons were killed and 10 were wounded, Reuters quoted security sources as saying. In Beirut, a Lebanese army soldier was killed and a civilian was badly injured in machine-gun and grenade clashes dur-

ing the night on the Green Line that separates the Christian and Moslem sections of the city.]

Rival factions blamed each other for the sudden escalation of violence, which quickly spread from Sidon to Beirut and then to the mountains overlooking the capital. "It was like a shock. Fighting has spread from one flashpoint to another," a Lebanese military source said.

The fighting around Sidon, like that in Beirut, was between Christian and Moslem militiamen, while the battle on the hills east of Beirut pitted Lebanese army troops against Druze Moslem forces.

Mr. Karami also met with a cabinet member, Salim al-Hoss, a former prime minister, for discussions that concentrated on developments in Sidon. Mr. Hoss later called for urgent action to check the violence "before it is too late." As did other Moslem officials, Mr. Hoss blamed the Lebanese Forces, a renegade Christian militia, for the fighting in Sidon, 24 miles (38 kilometers) south of Beirut. Police sources said the Moslems responded to a Christian barrage on the inner city by shelling Christian neighborhoods.

Lebanese Forces gunmen began fighting with army units and Palestinian-backed Moslem militiamen in the Sidon area after Samir Geagea, a Christian militia commander, led a revolt March 18 against Mr. Gemayel because of his growing dependence on Syria.

Moslem leaders charge that Israel is backing the revolt and encouraging the Christian militiamen — Israel's traditional allies in Lebanon — to step up the fighting around Sidon in a bid to partition the city into Christian and Moslem sectors.

Beirut television said that President Amin Gemayel and President Hafez al-Assad of Syria discussed the situation by telephone Sunday and agreed that the violence there could trigger further "dangerous developments."

In Beirut, the Shiite Moslem-led Amal militia said Israeli troops were trapping Lebanese prisoners onto their military vehicles to deter guerrilla attacks on their occupation forces in southern Lebanon. Israel had no comment on the claim and there was no immediate evidence to support it.

Adeeb Haider, a member of the Shiite Amal militia, said the Israelis "think this will enable them to move around more freely in the south."

"But we tell them, he who loses 100,000 people in 10 years of civil war doesn't mind losing four, five or 10 more," Mr. Haider said. "The resistance movement will keep striking at their tanks and vehicles whether they are carrying our people or not."

Chun to Confer With Reagan

SEOUL — President Chun Doo Hwan of South Korea will visit Washington April 25-27 for talks with President Ronald Reagan on international issues and the expansion of trade, Western diplomats said Monday.

Rock Group Wham: No Wow in China

By John F. Burns

New York Times Service

BEIJING — For days Wham had been the talk of the town.

But when big-time rock music hit China on Sunday in the form of a concert by the British group, the reaction in the 12,000-seat Workers Stadium was characteristic of the perplexity that is common when Chinese encounter a new facet of Western culture first hand.

Western college students danced in the aisles as the British duo played some of the songs that have propelled them onto best-selling charts in the United States and Britain. But most Chinese remained stolidly in their seats, seemingly unsure what to make of the arcing strobe lights, the pulsing guitars and the rest of the paraphernalia that accompanies a Western rock band.

The result was a concert attended by 10,000 that was curiously muted, at least by the standards for such performances in the West.

It was the first time that a major

rock group had been allowed to perform here, and there was a recognition on both sides that it was something of a test.

When they flew to Beijing last week with a 105-member entourage, George Michael, 21, the singer and songwriter, and Andrew Ridgeley, 22, who plays guitar, dropped into the middle of an ideological debate. Arrangements for the tour were made last year in the freewheeling atmosphere that pervaded many aspects of Chinese life before a shift in the political winds brought fresh questioning at high party levels about the country's "open door" policy.

At one level, the debate is about the extent to which the party should encourage foreign investment, private enterprise and other Western economic practices, but the debate has had a cultural dimension, too. A leftist faction associated with the party's chief of ideology, Deng Liqun, has voiced renewed concern about the "spiritual pollution" that can result from Western influences.

Wham, which has sold more than two million copies of its current album, "Make It Big," has paid all costs for the performance here Sunday and for a second one in Canton on Friday. The band's managers estimate the costs at \$750,000, which the group hopes to recoup through sale of a video that is being made of the tour.

To obtain their invitation, the group tried to accommodate Chinese sensitivities. They submitted a videotape of a live performance, dropped at least one of their hit songs, "Low Machine," from the concert and cut erotic sequences from a video that was played during the intermission. This enabled the sponsoring organization, the

All-China Youth Federation, to describe the group as healthy.

Since its arrival in China, the group had been careful to avoid political comments. But at the concert Sunday, Mr. Michael introduced a song called "Freedom," which has been at the top of the charts in Britain. "We hope that one day it will be the No. 1 in China too, with your help," Mr. Michael said, punching his arm in the air.

There was no visible reaction from the Chinese audience, which did not have the advantage of translation. But there was little doubt that it registered with the senior officials who watched from a podium set to one side of the stage, with interpreters behind them. Among the officials was General Xiaohua, 70, who is a member of the party's Central Committee and an associate of the country's pre-eminent leader, Deng Xiaoping.

Some of the gyrations of Mr. Michael and Mr. Ridgeley and Mr. Michael's decision to appear bare-chested beneath his white jacket also seemed unlikely to win official approval.

Scuffles between policemen and the audience might also disturb officials. At the start of the concert an announcer asked the audience to "remain seated and watch with patience." Policemen tried to enforce this, at least for the Chinese. As the concert ended, at least one Chinese was led away under arrest.

At times, when under pressure from the left, Mr. Deng has warned of what he called the pernicious influence of some aspects of Western culture. At other times, he has said that China has little to fear. In this mood, prevalent in recent years, he has permitted a latitude in cultural matters that was unthinkable in the days of Chairman Mao Zedong.

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NO RETREAT — Javier Pérez de Cuéllar, UN Secretary-General, left, and Ali Akbar Velayati, Iran's foreign minister, visited a Tehran mosque Monday. President Ali Khamenei affirmed to Mr. Pérez de Cuéllar, who went on to Baghdad, that President Saddam Hussein of Iraq must be overthrown before the Gulf war can end.

Sudanese Unions End Strike; Khartoum Is Reported Calm

(Continued from Page 1)

cluded calls for an end to the ban on alcohol that was imposed by General Nimeiri 18 months ago. "We want beer, we want beer," hundreds of demonstrators shouted outside hotels and other public buildings.

General Nimeiri poured Sudan's

liquor stocks into the Nile when he imposed Islamic law in September 1983.

In Cairo, General Nimeiri was taken to the Armed Forces Hospital on Monday for medical tests. The Associated Press quoted a source close to the Egyptian government as saying, "The source said previous reports that General Nimeiri, 55, had suffered a heart attack were erroneous."

Security men at the hospital said, however, that General Nimeiri had not visited the hospital.

The Middle East News Agency, Egypt's semi-official news agency, reported Monday that General Nimeiri had sent a message to General Swareddahab, a long-time ally, saying that he understood the motives behind the coup.

"Nimeiri wished General Swareddahab success in the discharge of his new responsibilities in the service of Sudan and in defending Sudan against the forces of conspiracy and in preserving its national unity," the news agency said. It quoted the deposed leader as

saying that "he, as a Sudanese citizen, always will remain at the service of Sudan."

The junta, made up of nine military officers and three civilians, issued a terse communiqué on Monday warning that any call for a continuation of the strike would be treated as treason and would be punishable by death.

"The Peoples Armed Forces are applying all the required measures of the emergency with the necessary firmness and decisiveness," the communiqué said. "Any call for the continuation of the strike or for a stoppage of work is considered high treason."

The Sudan news agency said that eight persons were killed in the "popular uprising," but it was unclear whether SUNA was referring to the week preceding the takeover or the takeover itself.

The agency blamed the security police for the deaths. Diplomats said they had no confirmation of any deaths in the takeover itself. The Sudan agency said that more than 350 political prisoners detained by General Nimeiri have been freed by government fiat.

Army troops continued to guard key installations throughout Khartoum on Monday, including the airport and government offices, but they maintained a low profile on the downtown streets.

(AP, UPI, Reuters)

U.S.-Soviet Exchange Shows Sharpening of Differences

(Continued from Page 1)

from ending the overwhelming Soviet advantage in intermediate-range missiles, which, they say, is now 10 to 1.

According to U.S. figures, the Soviet Union has deployed 414 SS-20s, of which 276 are targeted on Western Europe, and the others on China and Japan. The missiles have three warheads each and are highly mobile. The Soviet deployment also includes older SS-3s and SS-4s, U.S. officials said.

The countermeasures announced by the Russians in 1983 were the installation of shorter-range SS-23s and SS-21s in Czechoslovakia and the stationing of additional missile-armed submarines off the U.S. coast. At the time, these measures seemed superfluous to U.S. officials because, by their count, the Soviet Union already had a huge advantage.

The United States, as part of a 1979 NATO decision, is to deploy 572 new, single-warhead missiles in Europe, of which 108 Pershing-2s are to replace older Pershing-1s in West Germany. An additional 464 cruise missiles, slower and lower-flying than the Pershings, are to be placed in West Germany, Britain, Italy, Belgium and the Netherlands. So far, 34 Pershings and 64

cruise missiles have been deployed in West Germany, Britain, Italy and Belgium. And it is unlikely that a total of more than 200 will be deployed by November, officials said.

Mr. Gorbachev also called for a freeze on deployment of new strategic nuclear weapons and on research into space defensive weapons.

U.S. officials said this proposal was made by the Soviet side at Geneva in recent weeks. The United States has told the Soviet Union that it does not support a freeze because of Soviet advantages in land-based strategic arms and the need to continue deployment of the MX, and because it would be impossible to monitor a halt in research into defensive space weapons.

The outline of the U.S. position at Geneva has been divulged through briefings and speeches despite the agreement on confidentiality in the negotiations.

The U.S. position is that there should be parity in each side's intermediate-range missiles, meaning that the Soviet Union would have to cut the number of its SS-20s to match whatever agreed-upon number the United States could have.

Washington proposes tradeoffs in each side's strategic arsenals, with an eventual goal of some 5,000 warheads as against the current levels of about 8,000 on each side. The tradeoffs could involve cuts in U.S. bombers and Soviet land-based missiles. And Washington demands no limits on research for its Strategic Defense Initiative.

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WORLD BRIEFS

Liberia Executes Head of Coup Plot

MONROVIA, Liberia (AP) — The deputy commander of Liberia's presidential guard, Colonel Moses Flianzamaton, was publicly executed Sunday just hours after being convicted of trying to assassinate Samuel K. Doe, the Liberian leader, on April 1.

Mr. Doe, citing insufficient evidence, earlier freed four leading opposition politicians who were jailed after Colonel Flianzamaton implicated them in the assassination attempt. According to the Liberian news agency, Colonel Flianzamaton fired on Mr. Doe's car with a .50-caliber machine gun, wounding two bodyguards but missing the president.

Mr. Doe, a former master sergeant who took power in a coup in April 1980, said he believed the attempt on his life was motivated by Colonel Flianzamaton's fear of being sent to prison for debts he owed to the government's produce marketing company. Mr. Doe recently fired a number of government officials for indebtedness to state corporations.

France Would Sell India Atomic Fuel

NEW DELHI (AP) — A senior French official said Monday his country was willing to sell nuclear power technology to India.

Georges Vendryes, senior adviser to the French Atomic Energy Commission, said in Madras that India can buy the latest French pressurized-water reactors that are fueled by slightly enriched uranium. India has three nuclear power plants and two are under construction. The plants are based on natural uranium technology involving the use of heavy water as a moderator.

India is switch to fast-breeder technology at the end of the century after installing 10,000-megawatt natural uranium-fueled plants. Fast-breeder reactors produce more fissionable material such as plutonium than they consume. Mr. Vendryes, who is leading a delegation of French nuclear scientists to India, was quoted by the Press Trust of India news agency as saying, "India need not shy away from pressurized-water reactors. France would ensure uninterrupted supply of enriched uranium for a long time."

A Leader of Soviet Miners Removed

MOSCOW (Reuters) — One of the leaders of the Soviet coal miners' union has been removed from his post, officials said Monday. A union official said that Ivan Belousov had been replaced some time ago as one of three secretaries to the union's chairman, Mikhail Srebniy.

Mr. Belousov announced a fuel embargo against Britain last year during the British miners' strike and was later overruled by a Soviet ministry. Another official, Anatoli Chebotayev, had taken the place of Mr. Belousov, who no longer worked at the headquarters, the union official added.

Mr. Belousov appeared on television in October and declared that all deliveries of fuel to Britain had been suspended in support of British miners, then in the seventh month of a yearlong strike over pit closures. However, British importers did not notice any restrictions and the Soviet Foreign Trade Ministry quickly denied that there was an embargo. Moscow has often said that it opposes trade sanctions.

Gun Tied to Killing of Envoys in Paris

PARIS (Reuters) — French intelligence officers have discovered a Lebanese guerrilla arms cache in Paris which includes a pistol apparently used to assassinate two foreign diplomats three years ago, the Interior Ministry said Monday.

A ministry spokesman said officers last Tuesday raided an apartment rented by a Lebanese guerrilla suspect, Abdallah Georges Ibrahim, near the Champs-Élysées and found 44 pounds (20 kilograms) of explosives, two rocket-launchers and an assortment of automatic weapons. Among the weapons was a Czechoslovak 7.65mm automatic pistol probably used in the 1982 killings of U.S. military attaché, Lieutenant Colonel Charles R. Ray, and an Israeli diplomat, Yacov Barsimantov, the spokesman said.

The Beirut-based Lebanese Armed Revolutionary Front last month demanded Mr. Ibrahim's release in exchange for the life of a French diplomat they were holding hostage. The diplomat was later freed. The group first surfaced in Paris in 1981 when it claimed responsibility for an abortive attempt to kill the U.S. chargé d'affaires, Christian A. Chapman. They claimed the killings of Colonel Ray and Mr. Barsimantov.

Poles Erect Memorial to Katyn Dead

WARSAW (Reuters) — Polish authorities have quietly erected a memorial in Warsaw to more than 4,000 Polish officers executed in Katyn forest during World War II. The inscription blames the massacre on the Germans.

Most Poles hold that Soviet forces shot the officers in 1940. The dead were among about 15,000 officers whom Soviet forces took prisoner after invading Poland in September 1939.

A 12-foot (3.6-meter) white granite cross was put up in a Warsaw ceremony more than a week ago unannounced, cemetery workers said. The inscription was to "victims of Hitlerite Fascism." In the ground nearby someone had scrawled "1940 NKVD" — a reference to the Soviet security police of that time.

For the Record

Bombs lightly damaged a NATO pipeline in southern West Germany and the offices of a military equipment company in Hamburg on Monday, police reported. Nobody was hurt.

Fatahi el-Taraboni, 29, a Libyan accused of fatally shooting an anti-government Libyan exile and wounding two passersby in a crowded Bonn square on Saturday has been charged with murder, police said Monday in Bonn.

Sir Geoffrey Howe, the British foreign secretary, arrived Monday in East Berlin to start a tour of East Germany, Czechoslovakia and Poland aimed at warmer relations between Eastern and Western Europe. (AP)

The trial of Claus von Bulow, the financier accused of trying to kill his wife, began Monday in Providence, Rhode Island. (UPI)

Dutch Won't Alter Position

(Continued from Page 1)

and Italy, tens of thousands of people staged Easter rallies in four days of protests against the arms race and United States missiles in Europe.

British Demonstrate

Anti-nuclear demonstrators taking part in an annual protest gathered Monday at what is to be the second U.S. cruise missile site in Britain, arguing that the freeze on Soviet missile deployment eliminates the need for the weapons. The Associated Press reported from Molesworth, England.

About 1,200 people camped out on Defense Ministry land, 200 yards (about 180 meters) from the U.S. air base under construction at Molesworth, 65 miles north of London. A police force of about 2,000 also was on hand.

The protest was organized by the Campaign for Nuclear Disarmament. Its chairwoman, Joan Ruddock, said the announcement Sunday by Mr. Gorbachev deserved President Reagan's serious consideration. "The Americans really have no excuse for bringing more cruise

Gromyko to Austria in May

Reuters

MOSCOW — Andrei A. Gromyko, the Soviet foreign minister, will visit Austria in mid-May to attend 30th anniversary celebrations of the restoration of Austrian independence, the Tass news agency reported Monday.

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missiles into Britain now," Mrs. Ruddock said. "Mr. Gorbachev has taken an historic independent step and President Reagan should seize the opportunity to respond."

The organization said up to 20,000 demonstrators were expected to join the rally at the end of the four-day protest.

Russians Redefine Oxford Entries To Suit Ideology

United Press International

LONDON — Soviet editors of special editions of the Oxford English Dictionary changed the definitions of key words to fall in with Communist Party doctrine, the dictionary's publisher said Monday.

George Richardson, chief executive of the Oxford University Press, said that he regretted the changes in the Soviet editions. He said the OUP gave the Soviet Union permission to print the dictionaries in 1982 and 1983.

In the Soviet edition of the Oxford Student's Dictionary of Current English, "socialism" is defined as "a social and economic system which is replacing capitalism." The Soviet edition of the Oxford Advanced Learner's Dictionary of Current English defined "capitalism" as the system "replacing feudalism and preceding communism."

Both dictionaries changed the definitions of other political words: "communism" — "the revolutionary replacement of capitalism"; "imperialism" — "the highest and last stage of capitalism"; "fascism" — "a form of reactionary, nationalist, anti-democratic, anti-Communist, bourgeois movement and regime, typical of the era of imperialism."

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Convergence Is the Cure

Economic disputes between America and France are frequent because their approaches to the economy differ. France tends to the view that government action is needed to steer the market; Americans hold that what the market does by itself is probably right. The gap has not narrowed in the last few years, despite French moves toward greater free-market orientation, because America has moved faster in the same direction.

This divergence can be helpful. There is much to be said, in economics, for the Hegelian process of thesis, antithesis and synthesis, so long as no one imagines that lasting synthesis will be achieved. The problem with the present dispute is that France has a good reservation about America's thesis but is putting forth the wrong antithesis.

The United States wants a new ambitious round of negotiations to reduce barriers to international trade. France hesitates to go along with this unless there are parallel negotiations about reform of the international monetary system — which is economists' shorthand for saying that currency markets ought to be calmed down. One can see the point by recalling that in six years the cost of the dollar rose from 4 francs, which was far too cheap, to well over 10, which was excessive. Obviously it is hardly worthwhile entering into a new and lengthy round of multi-currency trade bargaining if the bargains ultimately struck risk being frustrated by vast and unpredictable changes in exchange rates. A country conceding, say, a 10-percentage cut in its tariff protection concedes nothing if, for quite different reasons, its exchange rate suddenly plunges.

But the solution is not, as France has urged, to summon a new international conference — a rerun of the 1944 Bretton Woods conference — to try to "reform" the world monetary system. Few of us are likely again to see the old system whereby each country's exchange rate was fixed and rigorously defended. The only question is how to make the present floating system work better. A conference that gets bogged down in new schemes for official intervention, for setting targets to circumscribe rate fluctuations or for simply giving countries more drawing rights on the IMF is not going to solve the problem that worries the French. It would attack symptoms, not causes.

Exchange rates follow a fever-chart course because national economic policies are too divergent. America currently acts like the last of the big-time spenders, while European and Japanese policies border on the demure. We need more convergence and less national pigheadedness. The habit of looking at the international ramifications of national policies and listening to foreign advice before it is too late has been lost. This was why economic policy in both America and France went so wildly wrong recently. Other countries could be cited.

We do not need monetary reform to restore the international cooperation required for economic sanity. The machinery and the tradition exist but have rusted with disuse. The string of international meetings starting with the OECD this week and culminating in the economic summit in early May should oil the machine and kick the starter.

INTERNATIONAL HERALD TRIBUNE

After the Coup in Sudan

Coups come, and those trying to comprehend them reach for a familiar range of explanations. Among the first is always an enumeration of the personal flaws of the deposed leader. Sudan's Gaafar Nimeiri was given, especially in his late years, to flights of erraticism — not least his effort to impose Koranic law on the non-Muslim south. Often there are special misfortunes, natural or man-made, which overwhelm government structures already creaking under burdens of poverty and underdevelopment; in Sudan it may have been four years of drought and a flow of a million refugees from Ethiopia. Then there are the cares added by virtue of a country's links with foreign patrons. To keep vital aid flowing from international creditors, Mr. Nimeiri had announced price increases that led to strikes and riots and, overall, created a chemistry that made a fresh coup almost predictable.

It is not necessarily a bad thing, Mr. Nimeiri ruled 16 years. No mechanism existed for an orderly transfer of power. The new man promises to hold power only for "an interim period." Whether he is being modest or simply deceptive remains to be seen. Few would

claim, however, that Sudan has only "interim" needs. It is more than a very poor, deeply split country laboring under heavy social and economic disabilities. It is one of many African countries for which the foreign-made models of development and growth seem not to apply.

The United States had played a chancy card with Mr. Nimeiri, putting new chips on him, with a warm Washington reception, just as he was swept off the board. The immediate result is an embarrassment to American diplomacy, but the United States got much value from Mr. Nimeiri over the years in strategic and geopolitical coin; he supported the projection of American power in the region and provided important backing for Camp David.

Washington now wonders somewhat anxiously whether the new order in Khartoum will see merit in the old order's tie with the United States and the international financial institutions. But perhaps this is the wrong question. Perhaps the right question is what the United States, the IMF and the relief and development agencies can do to respond more effectively to the needs of the Sudanese people.

— THE WASHINGTON POST

A Challenge for Mexico

Investigators tracking the career of Rafael Caro Quintero call him one of Mexico's biggest drug dealers. He "loves what money can buy," and too often, they suspect, what it buys in Mexico is freedom from arrest and prosecution. But Mr. Caro Quintero's money did him little good in Costa Rica last week, where he fled after the kidnapping of a U.S. drug agent, Enrique Camarena Salazar. The Mexican, a key suspect in the case, was arrested by Costa Rican authorities. There is talk of finding grounds to extradite him to the United States, but for now the focus is on Mexico. How its officials handle the case will tell much about their commitment to drug enforcement.

Investigators call Mr. Caro Quintero "a wild guy." He is building an 18-hectare (45-acre) compound near Guadalajara, uses cocaine heavily and takes to the streets in well-armed convoys, an AK-47 automatic rifle at his side. Mexico in the late '70s had stopped being a top

supplier of heroin and marijuana to the U.S. market and had become an effective partner in the drive to wipe out drug production. Now, however, Mexican drug shipments are increasing again and Americans are disturbed to find the trade flourishing openly and corruptly.

Why do some of Mexico's huge marijuana farms seem to be immune from the crop eradication campaign? Why did Mexico daily in pursuing Mr. Camarena Salazar's murderers — arresting some police officers only after Washington brought great pressure? How deeply are Mexican police involved with the drug business? Mr. Caro Quintero was allowed to leave Mexico on a private jet, in full view of Mexican agents sent to arrest him. Mexicans bridle at these questions, protesting that they remain committed to the fight against drugs and corruption. Mr. Caro Quintero's arrest gives them a new chance to prove it.

— THE NEW YORK TIMES

Other Opinion

Relief and Worry After Nimeiri

Few coups d'état in history can have caused less surprise than the one which on Saturday brought to an end the nearly 16-year-old reign of President Nimeiri in Sudan. [His] close and deliberate identification of his government with the regional interests and policies of Egypt and the United States makes his over-

throw a source of anxiety to both those countries. Yet there can be little doubt that both governments have for some time privately regarded his erratic and incompetent administration as a liability, and both will be relieved that the end, now it has come, has taken the form of a bloodless coup whose immediate effect, at least, has been to restore order.

— The Times (London).

FROM OUR APRIL 9 PAGES, 75 AND 50 YEARS AGO

1910: Tigre Official Backs Empress

ADDIS ABABA (via Rome) — Troubles have broken out in the Tigre Province. Governor Ras Olie has, either of his own accord or by order of the Empress, decided to advance on Addis Ababa. With this end in view he has sent the following dispatch to the chiefs under his command: "I have lost my red cow; help me to find it." The "red cow" means the Empress Tayitu, who has lost power. (Red is the Imperial color.) It appears that the chiefs have not the intention of following Ras Olie, while his soldiers are deserting to the Regent. The cause of the Empress is unpopular. Tayitu has made herself disliked by her despotism. Bodies of troops are leaving the capital daily to reinforce the Government forces.

1935: Times Publisher Ochs Dies

CHATTANOOGA — Adolph S. Ochs, publisher of "The New York Times," died suddenly [on April 8] in this city, where he began his newspaper career 37 years ago by acquiring "The Chattanooga Times." He was 77. Although he was not in the best of health recently, his death was sudden and unexpected. He was stricken with a cerebral hemorrhage and died in a sanatorium to which he had been hurried. Adolph S. Ochs was one of the greatest figures in newspapers on the American continent in the last 30 years. His example was an influence toward moderation in its tone. The mild tone and impersonal spirit of his newspaper were widely imitated by journalists who regarded him as the great oracle of journalism.

Vietnam Taught a Lesson That Some Failed to Learn

By George W. Ball

The writer served as a U.S. undersecretary of state from 1961 to 1966.

NEW YORK — Just 10 years ago Americans witnessed the tragic, televised spectacle of Vietnamese men and women clinging desperately to the undercarriages of planes and helicopters evacuating Americans from a beleaguered Saigon. Those hours of anguish and humiliation cannot and should not be forgotten, for the Vietnam catastrophe has left its evil mark on many aspects of America's national life and critically diminished its international effectiveness. Today we are left with brooding questions: Why did it all happen? And what might have been done to avert or at least limit that catastrophe?

In retrospect, it seems likely that the Vietnam War was the inevitable consequence of an excessive, exuberant sense of mission and power in the early 1960s. America alone had emerged from World War II stronger than before. It was by far the richest and most powerful nation, and it had played a brilliant, constructive leadership role in the immediate postwar years. Through the Marshall Plan it had made possible the speedy rebuilding of Europe. President Truman's tentative Point Four proposal had evolved into a massive program of foreign aid for the fledgling nations of the Third World.

By combining Western strength in NATO, America had halted the westward expansion of Soviet power. By fighting the Korean War, it had checked Soviet and Chinese adventures in the East. With the Truman Doctrine, America had committed itself to support free people resisting attempted subjugation by armed minorities or by outside pressure. President Kennedy announced in his inaugural address that the United States, to support friends and combat foes of liberty, would "fight any fight, pay any price, bear any burden, meet any hardship . . ."

Those were yeasty days, when university faculties were left badly understrength as experts in everything from economics to dam building to chicken diseases flew madly around the world instructing the natives and indulging in the sociologists' presumptuously called "nation building," without regard for the tensile strength of the straw or the friability of the clay available. Thus it was only natural for many Americans to form the impression that there was nothing America could not do — even to the point of interfering in the affairs of small nations to reshape their politics in its own democratic pattern.

There was a tendency to treat all local or regional quarrels in the context of the East-West struggle. America's leaders began to believe that U.S. interests were critically affected by almost any development in almost any part of the world — particularly if that development might be construed as threatening an advance of Communist influence.

It was easy for many Americans to interpret Vietnam intervention as just another chapter in the effort to check the spread of Communist power. Any suggestion that Hanoi and the Viet Cong might be something other than mere instruments of Moscow and Beijing was dismissed as reflecting a soft-headed attitude toward the Communist menace.

Dwight D. Eisenhower had warned against falling dominoes, and the defense of theersatz government of South Vietnam was declared vital to American interests — end of argument. The Kennedy administration committed itself to help save South Vietnam from Viet Cong and North Vietnamese domination. The Johnson administration turned a

limited commitment into an all-out engagement of U.S. forces. The Nixon administration extended the war a further four years.

By the time John Kennedy was killed the United States had 17,500 men in Vietnam and the balloon was going up; by the time Lyndon Johnson retired there were 550,000. In the beginning Mr. Kennedy and his top advisers believed victory could be had merely by providing weapons, equipment and advice. Mr. Johnson, acting on the counsel of the same advisers, found that assumption a deception. So the United States began bombing the North. When that proved ineffective, it committed U.S. forces to combat roles.

The fashionable thesis was that since America had such a vast advantage in fire power, all it had to do to achieve its aims was find the most effective way of applying those assets. But as the war continued to produce disappointments the Johnson administration largely abandoned that thesis and painfully concluded that it could not be won.

Still, Washington was not willing to face the hard decision to withdraw "national prestige" was too deeply engaged. It did no good to argue, as I incessantly did, that the world was not edified by the vision of the most powerful nation using highly sophisticated equipment to defoliate crops, kill thousands of Vietnamese and pound to pieces the primitive economy of a small, tragically poor country. Compared to David, Goliath would inevitably get a bad press.

Richard Nixon was far better positioned to execute the desperately needed extrication.

He had not been responsible for the entanglement in Vietnam. America still had 550,000 men in the field and the threat to maintain and even supplement them was a potent bargaining counter. I am convinced that had Mr. Nixon promptly told Hanoi that he was prepared either to withdraw forces unilaterally as part of a settlement, or augment them and increase the intensity of the war, he could not have secured the return of U.S. prisoners but an agreement for a cease-fire as well. Unhappily, neither he nor Henry Kissinger seemed to have learned from the preceding years. They continued to believe that Hanoi could be shocked into submission if air power were used with increased ferocity.

For 20 months Mr. Kissinger failed to play the one bargaining card that had meaning to the North Vietnamese — the offer to withdraw U.S. troops unilaterally. By then it was too late; Mr. Nixon had already announced major troop withdrawals and signaled a phased withdrawal of all U.S. forces. Only when U.S. troops had departed would they sign an agreement that assured easy wiping up of the South Vietnamese; they signed nothing at all until U.S. forces had been reduced to a mere 23,000 men.

The United States had suffered heavily not only from the degradation of its international reputation but from the loss of domestic cohesion under the Kennedy and Johnson administrations. It now suffered additional damage from four more years of fighting, protracting the war cost the U.S. armed forces

more than 20,000 additional deaths, while brutal use of air power, including B-52s, slaughtered at least 600,000 men, women and children throughout Vietnam to no purpose. At the same time, use of defoliants and an illegal invasion of Cambodia offended world opinion. America will continue to pay heavily for the Vietnamese experience.

Yet current leaders do not seem to have learned from that experience. We hear of a Reagan Doctrine promising that America will support any state or group fighting for freedom against Communist domination anywhere — a rhetorical declaration echoing the Truman Doctrine and the Kennedy inaugural address. Meanwhile the administration is still trying to dictate the political structures of small Central American countries. The administration still confuses regional and local quarrels with the East-West struggle.

If current leaders have learned little from America's most tragic Vietnam experience, the American people have heard and are heeding the message. They do not envisage their country as the world's gendarme or even its nanny. And if they are to support another major use of American forces in a remote part of the world, those in command will first have to show that the conflict at issue is of more than marginal relevance to U.S. interests; that the regime America is seeking to support has deep roots in the countryside; that both the political and the physical terrain are not hopelessly inhospitable, and that limited objectives can be achieved without committing disproportionately large forces or outraging world opinion. As is so often the case, the people are wiser than their government.

Los Angeles Times

Cambodia: A Country to Abuse and Toss Away

By Sydney Schanberg

NEW YORK — It is 10 years since Indochina fell to the Communists. In America the anniversary brings an outpouring of television reports, documentaries, articles and books. One disappointment for me in this wave of re-examination is that nearly all of it focuses on Vietnam, while Cambodia — the country that everyone used and tossed away — is still everyone's afterthought.

The "great" powers still talk about Cambodia as abstractions, not people. This apparently gives Washington, Moscow and Beijing the peace of mind to keep playing superpower games with these tormented people.

Consider this thumbnail sketch of the present situation for the Cambodians: The Russians support the Vietnamese, who have installed a client government in Phnom Penh, a rigid regime that is disliked but tolerated by the Cambodians because they can do nothing about it and because it is less insane and murderous than the Khmer Rouge — who were driven out by the Vietnamese invasion of 1979.

The Chinese still support and arm the Khmer Rouge, whose barbaric acts and policies resulted in the deaths of two million or more of Cambodia's seven million people and who now exist as a guerrilla force of perhaps 40,000 troops in the jungle in Cambodia's northwest, along the border with Thailand.

The United States supports two non-Communist factions that have "joined" in a so-called alliance with the Khmer Rouge to

push the Vietnamese out — a goal they have no chance of achieving.

Meanwhile, 250,000 Cambodians live in limbo in camps along the Thai border. Very few have any hope of resettling abroad.

In short, the superpowers still care as little about the Cambodian people as they did in 1970 when they dragged them into the Indochina war and led them to the tragedy that is their lot now. If the powers cared, they would make Cambodia a priority — and that is the one thing Cambodians have never been given.

Many things must be remembered if we are to resist the blandishments of the rewriters of history — usually ideologues of the right or left. Ideologues don't care about people either, only about preserving their dogmas.

Remember that the Khmer Rouge were a meaningless force when the war was brought to Cambodia in 1970 — a loose collection of guerrilla units numbering at most 5,000 men. They presented no threat to the government in Phnom Penh. In order to flourish and grow they needed a war to feed on. The superpowers — including the United States, with the Nixon incursion of 1970 and the massive bombing that followed — provided that war and that nurturing material.

Remember that those geopolitical wizards, Richard Nixon and Henry Kissinger (who now lead the pack in publishing revisionist

history), cared so much about the Cambodian people that while they were providing \$1 billion or more a year in bombing and other military aid they could find only a few million in their budget for refugee and relief aid.

Remember that during that war and right up to today, Washington has played footsie with the Chinese in an effort to thwart Soviet designs in Indochina. And that the Chinese have been the main support of the Khmer Rouge, whose barbarism Messrs. Nixon and Kissinger bemoan today while blaming Congress and the press and anti-war activists for the fate of Cambodia and conveniently forgetting their own support of the Chinese.

Remember, too, that the Reagan administration continues this folly by playing even more intimate footsie with the Chinese, without whose backing the Khmer Rouge would wither and die. The Reagan administration also provides aid for the refugees at the border, some of which goes to the Khmer Rouge.

And remember that, due to the machinations of superpower politics, the flag that flies outside the United Nations for Cambodia is the flag of the Khmer Rouge. The delegate who occupies the Cambodian seat is the Khmer Rouge delegate. The name for Cambodia at the United Nations is the Khmer Rouge name — Democratic Kampuchea.

We should remember all these things the next time some geopolitician makes a crocodile-tear speech about the Cambodian people.

The New York Times

Keep the 'Contras' Paid And Maybe They'll Talk

By Flora Lewis

MIAMI — After squeezing another batch of 21 MX missiles out of Congress with the argument that the Geneva arms talks required them, President Reagan is offering talks between the Nicaraguan rebels and the Managua government in return for an extension of "contra" aid.

The tactic is unrealistic, but there is method in the madness. Real negotiations are going on between the administration and Congress, and they seem to turn on the principle that offering to sit at a bargaining table earns the right to chips of the administration's choice.

Never mind that in the Nicaraguan case Mr. Reagan is not even offering to resume U.S. talks with the Sandinist government; he proposes only that U.S.-backed "contras" would enter negotiations. And never mind that he asks for a piffling sum at this point, \$14 million, promised to be used only for nonmilitary help unless Managua refuses to join the game.

The important trade-off is between the White House and Capitol Hill. The calculation seems to be that a call for talks, among other people, provides a sufficient excuse to do something that many in Congress consider of dubious value, and puts the doubters in an embarrassing position of seeming intransigent.

The administration is perfectly aware that its Nicaragua policy is hitting shoals. It considered and rejected the idea of shifting from supposedly covert to declaredly open aid for an insurrectionary force whose leaders make clear that their goal is nothing short of overthrowing the Sandinist regime. The administration is channeling "private" funds to the rebels, to make up for the current gap in legally appropriated money.

Nobody pretends that \$14 million is going to turn this U.S.-sponsored war around. Clearly the modest request is meant as a signal, a down payment on a U.S. commitment to keep the fighting going and a stake to get Congress firmly involved.

Just when Mr. Reagan is cheerily urging "humanitarian" aid to people he has called "freedom fighters," Guatemala has provided a most unpleasant definition of Washington's standards for acceptable government behavior in Central America. Guatemala was recently officially rated as having made progress in human rights. But last week the body of a woman who was secretary of a Guatemalan group concerned with the "disappeared" was found at the bottom of a ravine, with the bodies of her brother and her young son.

It is very hard to find white hats in Central America. President Jose Napoleon Duarte of El Salvador seems to be deceiving that way, but primarily because he is beginning to convince the army that threw him out when he was first elected more than a

Is Solidarity With Solidarity Finished?

By Carol Rae Hansen

WASHINGTON — One of the best kept secrets since martial law was declared in Poland is the abysmal treatment of Solidarity refugees by the United States.

The U.S. Immigration and Naturalization Service has denied asylum to more than 7,000 Solidarity activists, even though the safety of many would be endangered if they returned to Poland. The INS thus defies President Reagan's public program of support for Poles fleeing martial law.

Ten days after the imposition of martial law Mr. Reagan imposed stiff

harassed 1,116 more into leaving through four types of official "required departure" letters and threats of deportation proceedings. The service's estimates for 1984 reveal 200 to 400 more Poles "required to depart," for a total of 1,300 to 1,500 harassed into leaving or forcibly deported during the years in which President Reagan promised they could stay.

The INS hides deportations and departures induced by harassment under the cloak of "voluntary" departures, and thus argues that it is complying with Mr. Reagan's instructions. But more Poles who are "required to depart" contest INS demands for their departure.

Despite Mr. Reagan's repeated assertions that "we will show our solidarity with Solidarity," the service rejected 77 percent of Poles who applied for asylum between 1981 and 1984. By contrast, about 75 percent of Poles' applications for asylum were approved between 1948 and 1980. And Poles have reasons to fear

denials, for they can be charged with numerous severe offenses, including treason, if they return home.

Asylum policy (which, by law, allows all applicants asylum if they prove a "well-founded fear of persecution") is deliberately confused with immigration policy by many who fear a flood of Haitians, Salvadorans and Nicaraguans. U.S. foreign policy suffers as a result. Credibility is eroded on East European issues, and the mixed signals sour NATO cooperation on Poland. The only gainers are Moscow and the Polish regime.

Senior foreign policy makers must rein in the INS. The rest should be easy. A "national security decision directive" has been drafted that addresses each major area of INS culpability and sets up a structure for reform. All it requires is Mr. Reagan's signature, but the INS has prevented that with vehement protests, vague promises of substantive reform and minor policy alterations.

Reform of Polish asylum problems should not be hard; no extra legislation is required, no exchange could be incurred and the change could be virtually immediate. Reform need not take privileges away from other national groups. As with INS reforms for Afghans, Iranians and Southeast Asians, a healthy precedent would be set for the proper, humane processing of resistance fighters.

They deserve America's help.

The writer is a research associate at Georgetown University's Center for Strategic and International Studies. She contributed this to The New York Times.

SOLIDARNOŚĆ

sanctions on the Polish regime. He instructed the INS to tell its offices that Poles who reached the United States and "who are unwilling to return to Poland" would not be forced to leave. He asked NATO allies to impose sanctions and institute a similar "no return" policy.

These promises are being forgotten. Poles are battling the INS on three fronts: forced deportations, low approval rates for asylum and unjustified threats and harassment.

INS records reveal that it deported 31 Poles between 1981 and 1983 and

under the cloak of "voluntary" departures, and thus argues that it is complying with Mr. Reagan's instructions. But more Poles who are "required to depart" contest INS demands for their departure.

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LETTERS TO THE EDITOR

Horror Beyond Words

The March 27 editorial "U.S. Help for Cambodia" says: "The Khmer Rouge killed a million or two of their fellow citizens . . ." As if a million lives were no more than buttons or paper clips. How glib can you get?

FELIX LANDAU, Garches, France.

Europe Boosts the Dollar

Much current comment misapprehends the reasons for the dollar's relative strength. Reductions in the U.S. budget deficit, possibly leading to lower interest rates, will not reduce the dollar's value vis-à-vis Western European currencies. The past year's lowered interest rates, coupled with an even stronger dollar, show this.

The real reason for the dollar's strength is that the United States has become the only remaining outpost of a relatively free-enterprise system. Its industry, relatively unfettered (by European standards) by the mammoth social costs that burden other economies, is the most innovative, vibrant and powerful in the world. So money flows from all over the globe to buy the dollars that allow invest-

ment in the American economy. This greater demand for the dollar increases its cost — a simple application of the law of supply and demand determining the price in the free market in which currencies are traded.

Assuming there is a problem because of the strength of the dollar, which is not at all certain, blaming the U.S. economy for it stands reason on its head. That is comparable to a teacher blaming the smart student for being brighter than his classmates.

Should the U.S. government feel compelled to act, it should direct its attention to its European trading partners and suggest that they decentralize their moribund economies. When businesses in Belgium are required to pay their government one franc for each franc paid in salary, it is small wonder that the Belgian economy does not attract the capital that the American economy does.

When a combination of nationalization and all-powerful, politically motivated unions dominate to the extent that they do in Britain and France, efficiency and innovation collapse and the American economy attracts investment from those countries. Until Europe's economies return to the relatively laissez-faire atmos-

phere of the United States, the dollar, because of the strength of the U.S. economy, will remain strong.

If the strength of the dollar is seen as a problem, Europe's failure to return to capitalism could lead to government intervention in America that moved the U.S. economy further from capitalism. This would lead America toward the mediocrity and stagnation of Europe.

SAMUEL K. ROSEN, New York.

On 'Racial Continuity'

Miles Copeland (Letters, March 25) objects to Abba Eban's statement that Israel is the "oldest of nations," arguing that there is no racial continuity between today's Jews and those of Biblical times. Mr. Copeland's opinion can be neither confirmed nor rejected, however, without usable statistical data on the genetic make-up of the Jewish population in Israel in those times, and such data seem unlikely to be forthcoming. In any case, "racial continuity," whether viewed as relevant or not, is an unhelpful concept because it can be defined in so many different manners.

Historically this did not prevent

the Nazi theoreticians from applying a concept of genetic continuity in their definition of who was a Jew. In the early 1940s the Karmians, an ancient quasi-Jewish sect, did not qualify for genocide because of blood differences between them and the majority European Jewish population.

One purpose of the United Nations in approving the re-founding of Israel in 1948 was to provide a homeland for people who had been homeless in the "racial continuity" conceived by the Nazis — individuals whose national governments had been unable or unwilling to protect them in the 1930s and '40s. Thus it seems that the usage to which Mr. Copeland objects, although genetically uncertain, accurately reflects the perceptions and political intentions of the postwar world.

JOHN M. SAUL, Ville d'Avray, France.

Packing the U.S. Bench

Your report "Reagan Recusing the Federal Judiciary" (March 26) is worse than alarming. The way to a one-party state. American style!

JAN STUPAN, Lausanne.

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Resignation Shakes Up French TV News

By Michael Dobbs
Washington Post Service

PARIS — The surprise resignation of France's star television news anchorwoman has stirred suspicions here that the Socialist government is attempting to reassert controls over the electronic media before crucial elections next year.

The announcement that Christine Ockrent, 41, was stepping down as anchorwoman for the country's most widely watched television news program was greeted last week with the fevered speculation usually reserved for major government shake-ups.

In a country where television has traditionally been regarded as the voice of the government in power, Miss Ockrent had become a symbol of a more detached and professional attitude toward the news. In the past 3½ years, her evening news program on Antenne 2, France's second channel, has won top audience ratings over its principal rival, TF1, widely regarded as being closer to officialdom.

Miss Ockrent's winning smile and brisk, authoritative manner won her recognition when she became the first woman to anchor a prime-time television news show in France in 1981. Baptized "Queen Christine" by the popular press, opinion polls consistently rated her as France's most popular television news personality.

"They wanted to prevent her from governing: Queen Christine preferred to abdicate," was how the rightist *Le Figaro* summed up her resignation. The independent leftist newspaper *Libération* said that her departure was a sign that President François Mitterrand's Socialist government was unhappy with the independence shown by Antenne 2's news team.

In public statements, Miss Ockrent attributed

her resignation to "professional" differences of opinion with Antenne 2's newly appointed director-general, Jean-Claude Héberté, over staff appointments. A former television journalist himself, Mr. Héberté is believed to be close to the Socialist Party and made a sympathetic documentary about Mr. Mitterrand when he was an opposition leader.

"It is not possible for me to continue, since I no longer feel in tune with my superior," Miss Ockrent said in an interview in which she went out of her way to praise Mr. Héberté's predecessor, Pierre Desgraupes, who built a reputation for upholding journalistic independence and turned Antenne 2 into France's most respected network.

Political influence over the mass media is wielded in subtle ways in France — through personal connections rather than overt manipulation of information — and it is difficult to point to examples of outright interference in editorial decision-making.

But some French journalists claim that Mr. Héberté is trying to bring Antenne 2 under tighter control by placing his own trusted men into key slots. They accuse him of seeking to bypass appointees of Mr. Desgraupes, such as Miss Ockrent and Albert Du Roy, the former head of the network's news department, who also resigned recently for "personal reasons."

Other recent resignations at Antenne 2 include that of Robert Chapatte, the sports editor, who took early retirement, and Jacques Segui, presenter of the late-night news program.

Some observers see the "Ockrent affair" in terms of a clash between two strong-willed and ambitious personalities. Reacting last week to Miss Ockrent's resignation, Mr. Héberté called allegations of political interference "unjust," saying that he had never tried to bring pressure

on the news department. He initially threatened to sue Miss Ockrent for breach of contract but later backed down.

According to the investigative weekly, *Le Canard Enchaîné*, suspicions of Mr. Héberté's leftist political connections surfaced at Antenne 2 in January after Mr. Mitterrand visited the troubled French Pacific territory of New Caledonia. The director-general was reported to have staged an angry scene after network editors decided to cut parts of Mr. Mitterrand's statement on returning home.

The turmoil at Antenne 2 contrasts with the mood of optimism following the Socialist victory in elections in May 1981, when the network took advantage of the government's decision to relax controls over the electronic media. The changes introduced in news presentation by Miss Ockrent, who had worked on the CBS program "60 Minutes," were hailed as the advent of an American style in French television.

"I tried to be a credible anchorwoman, bringing the treatment of the news closer to the facts and away from the caricature of French blabber," Miss Ockrent said. "We tried to develop a more rigorous approach to the news, giving it more punch and attractiveness."

Miss Ockrent likes to say that she has avoided the company of French politicians and that she has met Mr. Mitterrand only twice: once when she interviewed him for the nightly news and once at a breakfast attended by a dozen other journalists.

The Socialist government's claims that it has taken a more liberal attitude toward television than its conservative predecessors rest partly on its creation of the independent High Authority for the Audiovisual Media in 1982. The authority's standing was tarnished somewhat last year when it succumbed to government pressure and appointed Mr. Héberté head of Antenne 2.



Christine Ockrent in her office in Paris.

Sudan to Stay Pro-West, New Ruler Assures U.S.

By Bernard Gwertzman
New York Times Service

WASHINGTON — The new military ruler of Sudan has met separately with the senior American, Egyptian and Saudi Arabian diplomats in Khartoum and assured them that he will keep Sudan on a pro-Western course, State Department officials said.

On Sunday, his first day in office after overthrowing President Gaafar Nimeiri, General Abdul Rahman Swaredhah summoned David H. Shinn, the charge d'affaires of the U.S. Embassy in Khartoum, the Sudanese capital.

General Swaredhah "expressed interest in the maintenance of continued good relations with the United States and appreciation for the assistance the United States has provided the Sudan in recent years," said Thomas Krajcski, a State Department spokesman.

Usually, the United States does not divulge the substance of diplomatic discussions. The rapidity with which Mr. Shinn's conversation with General Swaredhah was made public underscored a U.S. effort to demonstrate public support for the new regime.

Mr. Shinn, in turn, assured General Swaredhah, the spokesman said, "that American food, refugee and other forms of assistance will continue."

The spokesman added, "Mr. Shinn welcomed the general's statement of interest in the maintenance of good relations and assured him that the United States government shares fully the desire for strong bilateral ties."

The Reagan administration, however, remains concerned about the ability of the Sudanese military to bring about the long list of changes it has promised. Among the problems mentioned by officials here are the sharp differences with dissidents in the south, the deterioration of the Sudanese economy and the continuing efforts by Libya and Ethiopia to cause trouble in the Sudan, which borders on both of them.

There has been intensive American discussion with Egypt and Saudi Arabia, which have been close to Sudan, officials said. They said General Swaredhah also met with the senior Egyptian and Saudi diplomats in Khartoum.

Sudan is the largest African recipient of U.S. aid after Egypt, but the more than \$100 million in economic aid approved for the fiscal year 1985 has not been allocated yet because of the slow pace of economic changes by the former Nimeiri government.

General Nimeiri, who met with President Reagan last Monday, succeeded in getting the administration to free about \$67 million that had not been disbursed in the 1984 fiscal year by taking the kind of austerity measures that precipitated riots that led to his downfall.

"I think you will find us going out of our way to be sympathetic and supportive of General Swaredhah," a senior U.S. official said Sunday. "We know he has a terrific problem everywhere he turns, and we don't want to cause him additional headaches."

A major concern for Egyptian and American officials, State Department officials said, is the possibility of increased military involvement by Ethiopia and Libya against Sudan in coming days. President Hosni Mubarak of Egypt told reporters Sunday, "Libya tried to show she is involved in Sudan."

Little is known of General Swaredhah other than that he is a career military officer. The assumption in Washington is that the Sudanese military decided that the calls for General Nimeiri's removal were so universal in Sudan that it was important for the military to move before violence spread through the country.

One official said General Swaredhah might turn out to be only a transitional leader.

Nicaraguan Rebels, Lacking Supplies, Trim Back Their War

By Edward Cody
Washington Post Service

MANAGUA — Short of supplies and transport, anti-Sandinist rebel forces have recently reduced the scope and level of their three-year guerrilla war.

U.S. and rebel officials have attributed the reduction in rebel activity mainly to lack of funds, which apparently is catching up with the main guerrilla force nine months after Congress imposed a ban on financial aid from the Central Intelligence Agency.

Interior Minister Tomás Borge said the shift also reflects recent

successes by the Popular Sandinist Army in driving rebel forces northward toward the border region with Honduras and, for many, across the border into camps within Honduras.

In a reflection of this, Defense Ministry reports have shown a clear drop in the number of incidents in recent weeks.

"This favors us, because the war is going away from the interior of the country and toward the border," Mr. Borge said, referring to the decline of rebel activity in the more populated and economically important central zone.

"But at the same time, it implies a certain risk, because a border war is always dangerous for the implications it might have for a neighboring country, in this case Honduras," he said. "We will try to be very careful not to give any pretext that could provoke an incident."

U.S. officials in Honduras have

expressed similar fears that more regular rebel crossings of the border area could raise the risk of clashes between Honduran and Nicaraguan troops on the frontier.

At the same time, the increase in rebel troops on Honduran territory has intensified nervousness within the Honduran armed forces over that country's role in aiding the U.S.-backed insurgents.

The Honduran government protested sharply when 17 Nicaraguan soldiers drove across the border Tuesday in what Managua said was an accident. But an aide to Mr. Borge expressed confidence that the soldiers and their military trucks would be returned without major complications.

He estimated that 6,000 to 7,000 guerrillas from the main rebel

group, the Nicaraguan Democratic Force, have gathered recently in camps in Honduras near the mountainous border with Nicaragua.

This is up sharply from the number late last year, when most of the rebels were reported inside Nicaragua ambushing Sandinist army and government vehicles and agricultural cooperatives.

U.S. and rebel officials have put the number inside Honduras at 5,000 to 6,000 from a total strength estimated by rebel officials at more than 12,000.

Miskito, Sumo and Rama Indian rebels in the Atlantic coastal region and Eden Pastora Gómez's independent anti-Sandinist guerrillas along the border with Costa Rica have another several thousand armed men. But they have been

largely inactive for a number of months because of a lack of supplies, their leaders have acknowledged.

Rebel leaders have told visitors to their camps in Honduras that they have had trouble resupplying forces inside Nicaragua. But they attributed this to lack of consistent ammunition deliveries and adequate maintenance of aircraft used to make drops. This, they explained, was a result of money shortages.

Adolfo Calero Portocarrero, the chief Democratic Force political figure, said the organization has raised more than \$5 million since the U.S. Congress cut off funds last spring.

But aides of the rebel military chief, Enrique Bermúdez, said they

have been unable to continue supply drops at the same pace as when CIA funds and logistic help were available.

After barring further CIA aid a year ago, Congress voted last fall to make \$14 million more available to finance rebel forces, but only on the condition that the funding be approved this spring in another vote.

President Ronald Reagan proposed Thursday that the \$14 million be used only for humanitarian assistance should Nicaragua begin talks with the rebels. Managua rejected this approach, and Congress is to vote on the money this month.

Before the cutoff last spring, the CIA had provided rebel forces with a sum estimated by congressional sources at \$80 million since 1981.

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Disease Level in the Soviet Military Is 'Flabbergasting,' U.S. Analyst Says

New York Times Service

WASHINGTON — The Soviet Union's military forces face medical problems that one Russian general has said could have the "most negative impact on the combat capability of the Soviet armed forces."

This assessment was included in a presentation last month by Murray Feshbach, professor of demography at Georgetown University, in which he contended that the Soviet military has medical problems of a "flabbergasting" magnitude. He drew the quotation on combat capability from an address by a General Cheyrev to a medical conference several years ago.

Mr. Feshbach, who presented his

research at the Kennan Institute for Advanced Russian Studies, cited increases in such infectious diseases as typhoid, cholera, influenza and hepatitis in the military ranks. He concluded that, in one of numerous influenza outbreaks in 1982, as many as 30 percent of the troops of individual units could have been sick with the flu.

Among the medical problems are acute intestinal infections, sometimes of epidemic magnitude, he said.

Hepatitis, which is discussed in the Soviet literature as one of the "urgent problems of military medicine," appears to have increased threefold from 1968-1975 and 1975-1982 in large military units

and up to tenfold in specific units. In a sampling of 203 military patients with hepatitis, one-third suffered from residual symptoms and many had to be rehospitalized.

Mr. Feshbach drew his information from the two journals, *Voenno-Meditsinskiy Zhurnal*, or *Military Medical Journal*, and *Ty i Snabzheniye*, or *Rear and Supply*. The Central Military Medical Directorate of the Soviet armed forces comes under the jurisdiction of the Rear Services.

Noting that Soviet military doctors apparently misdiagnose illnesses frequently, Mr. Feshbach said the chances of complications and further transmission of disease were thus increased. This is especially the case for acute intestinal infections, he said, adding that diphtheria, a growing problem, also was being misdiagnosed.

A shortage of medical supplies poses difficulties as well, according to Mr. Feshbach, reportedly leading doctors to reuse some supplies, increasing the chances of transmitting disease.

Food storage conditions are said to reduce sanitary levels, with food that is contaminated by rodents reportedly being reprocessed instead of being destroyed.

According to Mr. Feshbach's findings, vaccine effectiveness is generally poor. Typhoid vaccine is effective at only a two-thirds rate. In one military unit with an outbreak of measles, it was found that only 88 percent of the youths, 18 to 20 years old, had been previously immunized. Some military officials have also recommended mandatory vaccinations for draftees.

To combat these problems, Soviet officials have been creating "extraordinary anti-epidemic commissions" in all military units and on all ships.

René Portocarrero, 73, Cuban Painter, Is Dead

Reuters

HAVANA — René Portocarrero, 73, considered Cuba's finest modern artist, died Saturday, the news agency Prensa Latina reported.

Mr. Portocarrero was best known for his abstract portraits of women in tropical settings of flowers, birds and trees. He did not travel outside Cuba until he was 40 although he later exhibited in the United States, Italy, Spain, France, Britain and most of the Communist world.

■ **Other Deaths:** Bernard Childs, 74, a painter and printmaker who was a pioneer in the use of technology in art engraving and printing, of a heart attack March 27 in New York.

Arthur Negus, 82, an antique expert who became a celebrity in Britain as a host of radio and television shows featuring collectors' prized items, Friday in Cheltenham in southwestern England.

Gene Bernard Davis, 64, an abstract painter prominent among the Washington Color School, Saturday after a heart attack in Washington.

Ben Novack, 78, founder of the Fountainbleau Hotel, a popular vacation spot for the rich during the 1950s, in Miami Beach, Florida.

Douglas Wallop, 65, the author of "The Year the Yankees Lost the Pennant," the novel on which the musical and movie, "Damn Yankees," was based, in Oxford, Maryland.



STATE VISIT — Prime Minister Laurent Fabius of France burned incense Monday at the Monument of the Unknown Soldier at the start of a three-day visit to South Korea.

U.S. May Tax Frequent-Flyer Deals

Washington Post Service

WASHINGTON — The Internal Revenue Service is studying whether to tax as income the free tickets that members of airline frequent-flyer programs earn for piling up miles.

The programs, started by American Airlines to attract and hold high-volume business travelers, are operated by every major domestic carrier, American, Delta, Eastern and United, four of the nation's largest airlines, say they have more than six million members in their clubs. Many people join more than one airline's program.

An IRS spokesman, Ellen Murphy, said a decision has not been made on whether to draft a regulation. The IRS is interested because business travel is usually paid by

companies, while the free-flight benefits accrue to the individual and thus appear, in most cases, to be personal income.

Frequent-flyer programs may be addressed in pending regulations on the taxation of employee fringe benefits, but that has not been decided, she said. The draft of the regulations does not mention frequent-flyer programs, she said.

IRS officials think that, technically, existing law requires that frequent-flyer bonuses be taxed. But without regulations on how to value the flights and who is responsible for reporting them, the IRS would find it hard to collect taxes.

A typical frequent-flyer program permits a member to upgrade his coach ticket to first class once he has flown 10,000 miles (16,000 kilo-

meters) on the airline, offers a 25-percent discount on a round-trip ticket anywhere the airline flies after 20,000 miles, provides a 50-percent discount after 25,000 miles, and gives a free ticket after 30,000 miles and two tickets after 50,000 miles.

It costs nothing to sign up for any of the programs, and all airline officials interviewed agreed that many passengers on their rolls do not fly frequently.

Experts said bonuses to individuals are taxable because they are not excluded by law, as are such employer-paid benefits as health insurance premiums or pension contributions. The 1984 tax law cracked down on certain fringe benefits but did not mention frequent-flyer bonuses.

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FUNDS

Growth-Stock Funds Shone in First Quarter

By Fred R. Bleakley

First-Quarter Mutual Fund Performance

Best and weakest performers among mutual funds based on change in net asset value, including dividends, in the first quarter of 1985.

Name of Fund	Investment Strategy	Percent Change
BEST PERFORMERS		
First Investors Natural Resources	Natural Resources	+39.53
Fidelity O.T.C.	Small-company growth	+32.21
Sherman Dean	Capital appreciation	+31.76
Steinroe Discovery	Small-company growth	+24.26
Fidelity Select Leisure	Specialty industry	+24.10
Fidelity Select Health	Specialty industry	+22.92
Babson Enterprise	Small-company growth	+21.80
First Investors Discovery	Small-company growth	+21.59
First Investors International	Global	+20.16
Financial Portfolio Gold	Gold	+19.04
WEAKEST PERFORMERS		
AARP General Bond	Fixed-income	-1.54
Nicholson Growth	Capital appreciation	-1.53
G.E. Long-Term Interest	Fixed-income	-1.41
Newport Far East	International	-1.20
AARP GNMA	Fixed-income	-0.95
Steadman Oceanographic	Growth	-0.68
Maxim Bond	Fixed Income	-0.52
GT Pacific Fund	International	+0.39
Calvert Income	Fixed-income	+0.40
Merrill Lynch Federal	Fixed-income	+0.50

* Out of 773 funds, exclusive of money market funds, municipal bond funds and short-term Government securities. Source: Lipper Analytical Services

THANKS to a January surge in the stock market, the average equity mutual fund in the United States gained 8.93 percent in the first quarter. That was almost as much as these funds have gained during the entire year, on average, in each of the last 15 years, according to Michael Lipper, president of Lipper Analytical Services, which compiled the quarterly performance statistics.

For the seventh consecutive quarter, however, equity mutual funds fared more poorly, on average, than the Standard & Poor's 500 index, which was up 9.21 percent, with dividends reinvested. The 456 general equity mutual funds, on average, however, exceeded the Dow Jones Industrial average, which gained 5.78 percent.

Mr. Lipper said that after six consecutive quarters of poor performance, mutual funds specializing in small-company growth stocks broke into the top 10 rankings in a big way. Also putting in strong performance were several funds that struck it rich in late March when their investments in gold shares shot up.

The top performing fund out of the 773 tracked by Lipper Analytical Services was First Investors Natural Resources, an \$11-million portfolio that gained nearly 40 percent, thanks to a heavy concentration in gold shares and energy issues, which also rebounded in the quarter. In the fourth quarter of last year, the fund had scraped the bottom of the rankings list with a 24.6-percent decline.

Another turnaround was the Sher-

Investments in gold shares also pay off

man Dean Fund, which jumped from third-worst at the end of last year to third-best for the first quarter of this year. It is a capital-appreciation fund, which means that it can trade actively and use options as well as stocks in its portfolio.

The volatile state of the bond market in the first quarter made losers out of a number of fixed-income funds, despite the interest they earned from their investments. Six of the 10 worst performing funds were fixed-income. Although bond prices, measured from the beginning to the end of the quarter, were relatively flat, there were sharp swings during the interim.

One of the fixed-income funds that suffered the most was the General Electric Long-Term Interest Fund, with more than \$200 million in assets held for GE employees. It had led the list of top performing funds in the fourth quarter of last year, but sank to third-worst performing over the last three months.

Several mutual fund groups scored well in the first quarter. First Investors Group and Fidelity Management & Research Corp. each had three funds listed among the top 10 performers. The Fidelity OTC Fund, in fact, had been the

leader for most of the quarter. But it was bumped into second place by the First Investors Natural Resources Fund when gold shares soared at the end of March, at a time when the closing of scores of Ohio thrift institutions shook world financial markets.

"Most gold funds were flat to down 5 percent at mid-March," said Peter Lynch, senior vice president of Fidelity Management & Research, with a tinge of regret that his firm's OTC Fund was knocked out of first place. "By the end of the quarter, they were up 15-20 percent."

The \$25-million OTC Fund scored well, Mr. Lynch said, because it was heavily invested in over-the-counter growth stocks that were not technologically oriented. Technology stocks were one of the sectors that did not come back strongly in the quarter.

Two sectors that did perform well were leisure stocks and health care. Fidelity's two funds that specialize in those areas were among the top 10 performers for the quarter. The leisure fund was especially helped by the run-up in broadcasting stocks such as CBS and ABC, as well as restaurant companies, Mr. Lynch said. And the Select Health Fund gained with its investments in drug and hospital management companies, he added.

Patrick Page Kildoye, economist and portfolio manager of First Investors Group, said his firm's international fund performed well because it was heavily invested in the Hong Kong market, Canadian energy stocks and several cyclical companies, such as steel stocks, in the United States.

New York Times Service

A New Surge of Interest In the Offshore Funds

(Continued from Page 7)

professionally managed and there are none of the communications problems that arise in trying to invest directly in complicated markets from a long distance.

The growth in the offshore industry in the last few years has been marked by a proliferation of specialty equity funds that give the offshore investor access to specific markets or sectors of markets.

These funds concentrate their holdings in such areas as American growth stocks, Japanese small-company stocks or Australian stocks. "At the moment, the fad is European stocks," notes Robert Harris of the firm of Nicholson Harris, a financial adviser.

Typically, specialty funds start out catering to institutions, such as pension funds and insurance companies that find the funds a convenient way to invest in such difficult markets as those in Hong Kong or Spain. If the funds are successful, they become more receptive to individual investors. Mark V. St. Giles, head of GT Unit Managers, says that in recent years there has been "pressure to introduce more specialty funds for individuals."

Another trend has been the creation of "switch" funds, which allow investors to move assets among a family of funds at little or

no cost. The most ambitious version is the Gartmore Capital Strategy Fund. It offers 13 funds in such areas as Japanese stocks, North American stocks, British stocks, British government bonds and yen convertible bonds. There are also currency funds in U.S. dollars, British pounds, Deutsche marks, yen and Swiss francs.

THE growth in the number of funds has complicated the task of selection. But for investors, the primary issue will always be the reputation of the fund. In a field touched regularly by scandal, investors should "only deal with first class names," cautions Paul Tagg, managing director of Tagg Financial Management. "If you're dealing in an offshore fund, you don't have to deal on the fringe."

The safest path is to stick with the funds that are offshoots of established companies operating in the domestic markets.

After safety, the most important issue is performance, a much more complicated topic than many fund investors appreciate. The figures found in the promotional campaigns of even the best funds do not always tell the full story of performance.

In a bull market, smaller funds with aggressive managers can often outperform the broad market indexes by filling the portfolio with the volatile shares of young growth companies. But if the market sours, the value of an aggressive portfolio is likely to decline faster than the overall market.

Volatility can also be a trait of specialty funds concentrated in a market or sector that is prone to steep ups and downs.

For a clear picture of a fund's performance, it is important to look at the changes in its return on a year-by-year basis and to compare them with funds with similar goals and assets. Just looking at the average annual compound return over the life of the fund, a figure routinely trumpeted by fund brochures, will seldom provide the full story.

A fund with a 19-percent average annual compound growth over five years of existence is impressive. But the fund could have had a brilliant first two years and have been on the decline ever since, a

fact that an investor should be aware of.

Some professional advisers also steer away from funds that they deem to be too large. Though there are exceptions, performance tends to be less dynamic as a fund becomes larger.

An issue closely linked to performance is the fund's investment policy. A seasoned investor will seek to find out how willing the fund manager is to convert the fund's stock holdings to cash should a bear market hit. Managers of stock funds typically will put no more than 30 percent of the fund's assets in cash, no matter how bearish the outlook, says Mr. Tagg.

Fund managers often take the view that their shareholders bought the fund to invest in the underlying stocks, not in cash, says Hugh Lockhart, managing director of Charnley McLernan Overseas, investment advisers. Thus, the managers believe their shareholders "have made the decision to ride out the risk," Mr. Lockhart says. But he says this attitude is changing somewhat among the younger generation of fund managers.

Another test of a fund's credibility is whether it has personnel in the markets in which it participates. A fund specializing in Japanese shares should have a person in Tokyo. "We like the management to be in the countries where the assets are," says Mr. Harris of Nicholson Harris.

To purchase shares in an offshore fund, investors will usually pay a "front-end" fee, or sales charge, of about 5 percent or less. Management fees vary widely, but usually do not exceed 1 percent annually, about the same as those for British unit trusts.

Fund operators are generally optimistic that their industry will continue to grow, helped along by the confidence in world markets and growing sophistication of investors. They count on the attitude expressed by a British employee of a North African company that is a joint venture between a U.S. firm and the local government: "Quite simply, they're an easy way to cover all my options."

Lynne Curry in London contributed to this report.



Bernard Cornfeld and some friends in London in 1974 after he was released on bail from a Swiss prison, where he had been questioned about fraud and other charges.

The Long Shadow of IOS

ONE OF the burdens on the international fund industry has been the legacy of the collapse of Investors Overseas Services, a scandal that ruined many investors' appetite for fund.

The investment community will not soon forget IOS or its founder, Bernard Cornfeld, a former stock broker and mutual fund salesman from Brooklyn, New York, who went into business in Europe in the 1960s. Stealing a march on the big European investment houses and banks, he brought the concept of mutual fund shares to more than 200,000 mostly middle-class investors in Europe, Asia and Latin America eager to participate in the U.S. stock market boom of the 1960s.

By 1968, IOS controlled about 18 funds with assets approaching \$2 billion. Mr. Cornfeld and a staff of about 1,400 ran a global empire from a lavishly furnished chateau on the outskirts of Geneva. But IOS crumbled quickly as the bear market took hold in 1970. At one point, some IOS fund shares lost half their value in a single day as panicky investors dumped their holdings. In the power struggle that ensued, Mr. Cornfeld was deposed as head of IOS, with control eventually passing to Robert L. Vesco.

According to a U.S. Securities and Exchange Commission suit in 1972, Mr. Vesco diverted some \$224 million in stocks in IOS funds to banks and shell companies controlled by himself and his associates. He was later indicted in the United States on fraud charges arising from the IOS collapse and on charges of attempting to obstruct an investigation by contributing \$200,000 to President Richard M. Nixon's reelection effort.

Mr. Vesco thus became one of world's best known fugitives, and is variously said to be living in Costa Rica and on an island off Cuba. A Swiss jury acquitted Mr. Cornfeld in 1979 of fraud charges. He now lives in Los Angeles.

Nearly 12 years after the collapse of IOS, an international effort to sort out the company's affairs and liquidate its assets is nearing completion, according to Vic Barnett of Clarkson Co., the Toronto firm that is overseeing a major part of the process. He said Clarkson is still seeking about 16,000 IOS shareholders. (Queries should be addressed to The Clarkson Co., Liquidator, IOS Ltd., P.O. Box 251, Toronto-Dominion Centre, Toronto, Ontario, Canada M5K 1J7.)

According to a West German group of IOS shareholders, payments already received as part of the liquidation of four major IOS funds amount to about 95 percent of the total net asset values of the funds in 1973. "They got back most of their capital," said Mr. Barnett. "They just didn't get any interest for 15 years."

The IOS collapse — and a number of smaller scandals since — spawned a wave of new regulations. Still, experts say the offshore fund investor continues to have minimal legal leverage in the event of a fraud.

However, eager to keep their lucrative tax-haven industries flourishing, many of the offshore areas have moved to clamp down on abuses. Guernsey and Jersey in the Channel Islands and Hong Kong are among the offshore centers that have imposed firmer controls on funds. In general, regulators are looking closely to ensure that a fund's assets are being held by an independent trustee or custodian. From the investor's standpoint, this should be a first-line bank with an international reputation to protect.

There is also a move among the more well known offshore funds to register their offerings with national regulatory agencies and to obtain stock market listings. "In some ways, the idea of 'offshore' is breaking down," says Mark V. St. Giles, managing director of GT Unit Manager in London.

Still, there is a long way to go before the fund business becomes truly international. Virtually every country restricts in some way the sale of funds not accredited by its national authorities.

The U.S. Securities and Exchange Commission has gone as far as to discourage any non-U.S. fund from soliciting Americans, even if they are not residing in the United States. In defiance to the SEC position, prospectuses for many offshore funds state that shares will not be sold to a "U.S. person." In practice, however, few offshore funds enforce such provisions, though they will not accept correspondence or payments from the United States. In any event, the issue is between the SEC and the funds, not the investor, SEC officials acknowledge.

European Community officials are working on a directive that would let any fund approved by national authorities and meeting certain criteria sell its shares anywhere in the EC. The directive could be approved this year.

— William McBride

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Easy Gains Are Over For Progeny Of Ma Bell

By Edith Cohen

IT HAS been a little more than a year since the historic breakup of American Telephone & Telegraph. In that brief period, Ma Bell's offspring have turned in a stellar performance, exceeding their own earnings estimates for 1984.

"They've done a marvelous job in a year in getting things in order," observed Leonard Hyman, an analyst with Merrill Lynch, Pierce, Fenner & Smith Inc. On average, stock in the companies appreciated 17 percent last year to produce yields of about 7.5 percent. Pacific Telesis was by far the biggest winner. Its share price rose 28 percent. During the same period, the Standard & Poor's 500 Index managed a modest 1.4-percent gain.

Despite such enormous moves, which are unusual for telephone companies, analysts are skeptical that they will be able to duplicate last year's performance in 1985.

In many ways 1984 was unusual. The companies were new yet benefited from lingering confidence that was generated by their Bell System connection. This year the regional will be measured against the reality they have created. The stock market will not be as euphoric, analysts contend, and differences among the companies are bound to emerge.

"They are big, sound telephone companies, with some problems. The trick is to figure out which have bigger problems and which can overcome them," said Andrew Silton, an analyst at First Albany Corp.

At the moment, the analytic community is distinguishing very little among Ameritech, Bell Atlantic, Bell South, Nynex, Pacific Telesis, Southwestern Bell and US West. Since starting up in January 1984, the "baby Bells" have been more or less "running in a pack," according to Mr. Silton.

But each company has its own regional characteristics and problems. They cover regulatory climate, management style, demographics, and general responsiveness to technological developments and to business opportunities beyond simple telephone service.

Regulatory climate is seen by many as crucial over the long term, to a regional company's attractiveness. Under the terms of the AT&T divestiture, about 90 percent of a regional's revenues must come from tariffs set by the Federal Communications Commission and state regulatory authorities. And this year profits could depend heavily on rate increases, and all the regional companies are seeking some increase in allowable rates.

Another big problem confronting the regional companies is the threat of "bypasses" in which big corporate customers develop their own telecommunications system instead of using the local phone service. The regional companies are clearly vulnerable when it comes to long-distance calls.

In order to subsidize local phone service, long-distance customers now absorb the costs

How the Baby Bells Fare



NYNEX

1984
Revenue: \$9.5 billion
Earnings per share: \$10.10

1985 Estimates
Revenue: \$10.2 billion
Earnings per share: \$11.00

Stock Price
Nov. 21, 1983: \$80.50
March 29, 1985: \$80.00

AMERITECH

1984
Revenue: \$8.4 billion
Earnings per share: \$10.17

1985 Estimates
Revenue: \$9.0 billion
Earnings per share: \$11.10

Stock Price
Nov. 21, 1983: \$63
March 29, 1985: \$82.13

Bell Atlantic

1984
Revenue: \$8.1 billion
Earnings per share: \$9.94

1985 Estimates
Revenue: \$8.5 billion
Earnings per share: \$10.50

Stock Price
Nov. 21, 1983: \$65.75
March 29, 1985: \$83.13

BELL SOUTH

1984
Revenue: \$9.5 billion
Earnings per share: \$4.28*

1985 Estimates
Revenue: \$10.1 billion
Earnings per share: \$4.55

Stock Price
Nov. 21, 1983: \$29.675
March 29, 1985: \$35.50

*Reflects 3-for-1 split

PACIFIC TELESIS GROUP

1984
Revenue: \$7.8 billion
Earnings per share: \$8.46

1985 Estimates
Revenue: \$8.3 billion
Earnings per share: \$9.20

Stock Price
Nov. 21, 1983: \$51.50
March 29, 1985: \$70.38

Southwestern Bell Corporation

1984
Revenue: \$7.2 billion
Earnings per share: \$9.40

1985 Estimates
Revenue: \$7.7 billion
Earnings per share: \$9.80

Stock Price
Nov. 21, 1983: \$62
March 29, 1985: \$74.75

USWEST

1984
Revenue: \$7.3 billion
Earnings per share: \$9.24

1985 Estimates
Revenue: \$7.9 billion
Earnings per share: \$9.80

Stock Price
Nov. 21, 1983: \$56
March 29, 1985: \$74.88

Estimates by Value Line

of artificially high fees, called access charges, that are paid by the long-distance companies, such as AT&T, MCI Communications, GTE Sprint and others, to connect with local customers. But some large companies are developing ways to link up directly with long-distance lines.

If the bypass movement gains momentum, the loss of revenue could be devastating to the regional operating companies unless regulators agree to reduce the subsidy for residential service. Some companies are pressing officials to move in that direction, but it clearly is an unpopular political choice.

DEMOGRAPHICS will also shape the destiny of the regional companies. This does not necessarily mean a company must serve an area of high population growth to boost profits. Instead, regions where telecommunication needs are increasing, such as in areas where corporate customers are growing, will likely benefit local telephone customers.

Another factor that investors should consider when evaluating the companies is their willingness to look for new business opportunities to help their growth. The 1983 divestiture decree placed strict limits on the regional companies' ability to diversify into non-telephone ventures. "Nonregulated," business can account for no more than 10 percent of total revenues. Mobile telephone service and phone-equipment sales are exceptions.

Still, the companies are looking to such areas as foreign consulting and computer services for both business and residences.

The following is a rundown of how the experts view the growth and profit potential of the regional companies:

• Ameritech, based in Chicago, serves the great manufacturing area of the country sometimes known as "Smoketown America" and "the Rust Bowl." The region has recently trailed the general economic growth in the United States. However, Warren E. Spitz, an analyst at Value Line Inc., points out that Ameritech's concentration of service-oriented businesses is located in Illinois, perhaps the most progressive regulatory environment in the nation.

Moreover, analysts think Ameritech will see some business expansion. Mr. Silton sees potential in the growing need to send data from the businesses based in the area to their branches and manufacturing plants around the country.

• Bell Atlantic, which serves the eastern coast of the United States from New Jersey to Virginia, has been notable for aggressive acquisitions as part of a strategy to build a total communications company. James McCabe, an analyst with Prudential-Bache Securities, particularly lauds the recent purchase of Sorbus Service, the second-largest independent computer-service company in the United States.

Bell Atlantic has the lowest operating costs of the seven regional companies, and management expects to lower costs even further by cutting the work force by 10,000 by 1988. Analysts generally like Bell Atlantic's regulatory environment and current rate structure.

Nevertheless, analysts are divided over the company's ability to generate new telephone business. Mr. Hyman of Merrill Lynch notes that the eastern corridor is an area of slow population growth. And because Washington accounts for a large share of its revenue, he

thinks Bell Atlantic is vulnerable to cost-cutting efforts by the U.S. government.

• Bell South, reaching into the fast-growing Sunbelt, gets a lot of credit for good management and above-average profit margins.

Charles W. Schelke, an analyst with Smith Barney, says that Bell South has had one of the highest rates of return despite what he sees as consistently poor regulation. Taking advantage of the region's growth potential, the company is also building for the future by installing modern equipment and focusing on technology.

• Nynex, which serves New York and New England and has the highest concentration of corporate customers, is seen as the most vulnerable to bypasses in the long run. "Give it another year or two for rates to reflect costs, and then the antennas will go up," said Mr. Hyman.

Nevertheless, analysts have rated the company a good choice in the short term and are waiting to see what steps the company takes to cut costs and increase revenues to support itself in the long run. Mr. McCabe noted that Nynex has announced the biggest work force reduction of any of the operating companies and intends to eliminate 5,000 jobs from its 94,000-employee payroll.

• Pacific Telesis, with about 95 percent of its revenue derived from California, serves a fast-growing, high-technology area. But its concentration also makes it vulnerable to a single state regulatory agency. Mr. Silton sees it as among the companies with the most problematic rate structure, growing out of the West Coast's historic dependency on long-distance toll revenues. He is concerned about whether California regulators will give it the rate increase it needs.

Mr. Hyman, however, thinks California regulators are intelligent and fair-minded, but acknowledges that the company's dependency on a single regulatory body is "not an easy relationship."

• Southwestern Bell put in the poorest stock performance of the holding companies last year. This partly reflected concern about its regulatory environment. Texas accounts for the bulk of the company's revenues. The best Value Line's Mr. Spitz can say of the situation is that "there is little likelihood that the regulatory environment could become much more difficult and the possibility at least exists for some improvement."

Rate increase requests totaling more than \$100 million should be decided by midyear. Mr. McCabe of Prudential-Bache expects the state regulatory commission to allow some kind of increase. With the 1984 elections out of the way, he said, state regulators may now be less sensitive to political considerations.

• US West is distinctive in that it covers the largest land area, 13 states, and derives a large share of its revenues from interstate service. It operates in a rather varied economic climate, stretching from Sunbelt to Pacific Northwest sluggishness.

With a very small central organization, it encourages its component telephone companies to be strongly entrepreneurial as it aggressively diversifies into unregulated services, telephone-equipment sales, cellular radio and real estate. However far afield it roams, it cannot escape the need for the Federal Communications Commission to change the current interstate rate structure. Few analysts believe that the commission will do so immediately.

Targeting New Sale of U.S. Bonds

By David Tinnin

AFTER two successful issues last autumn, the Reagan administration has decided to proceed with a third auction of Treasury bonds aimed exclusively at foreign investors.

David Mulford, assistant secretary of the U.S. Treasury for financial affairs and chief architect of the so-called "targeted" issue, said the sale could take place this month, or at the latest in June or July. The U.S. Treasury, looking for innovative ways to finance the federal deficit, devised the targeted instrument last year after Congress repealed the 30-percent withholding tax that foreign investors had to pay on dividends and interest from fixed-income securities. Foreign institutions that purchase the Treasury notes for later retail sale must promise not to sell them to U.S. citizens.

The decision to proceed with another issue resolves some of the puzzlement expressed by the international financial community. Observers in Europe and Asia had thought that Washington would quickly assemble a third offering after the first two issues created strong demand. The first \$1-billion offer of five-year notes last October was oversubscribed by about 300 percent. An identical issue a month later was greeted with similar enthusiasm.

The delay was interpreted by some analysts as a sign that the U.S. Treasury was displeased with the narrowing spreads between the targeted issues and comparable securities in the U.S. domestic market. In the first two auctions foreigners were willing to accept a slightly lower yield, but are unlikely to do so in the future, analysts say.

In an interview at his Washington office, Mr. Mulford denied that this had anything to do with the delay. One reason for the pause, he said, was simply the bureaucratic shuffle that sent Treasury Secretary Donald T. Regan to the White House as chief of staff in exchange for James A. Baker 3d. The other reason, he said, was a glut of dollar-denominated new issues in Europe. "We did not want to sell into a weak market," Mr. Mulford said.

Mr. Mulford, who served for 10 years as principal adviser to the Saudi Arabian Monetary Authority before taking up his Treasury post, said the exact timing of the next issue depends somewhat on whether the Treasury intends to stick with five-year notes or diversify into a mixture of maturities, ranging from two to 10 years.

Mr. Mulford would not speculate on the size of future offerings, but by some estimates the U.S. Treasury will attempt to raise as much as \$10 billion through targeted issues over the next two years.



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Oil Takeover Talk

(Continued from Page 7)

disclose their identity until they have acquired at least a 5-percent stake.

The smaller companies are also generating takeover speculation, although it has generally been less publicized. Clyde Petroleum has twice bid for Petrolex. The last offer, which expires Tuesday, was for 75 pence a share, up from 58 pence that the company rejected earlier.

Goal Petroleum and Anvil are also considered likely targets. Mr. Gregory estimated that Goal's potential exploration tax credits alone could be worth as much as 127 pence a share. It closed at the end of March at 114 pence.

Floyd Participations is also seen as a possible target. Last month's surprise decision by the British

government to eliminate tax credits for on-shore exploration, where Floyd has concentrated its efforts, has raised questions about the company's future. It is thought by some analysts that Floyd's assets may be worth more than its value on the Unlisted Securities Market.

Shares in the company, which had been trading for over 100 pence, closed out March at 85 pence. Wood, Mackenzie puts its asset value between 54 pence and 101 pence a share.

"Despite all the talk of takeovers, it's been happening a bit more slowly than some people thought," said James Joseph, an oil analyst with James Capel & Co. "But it may just take one successful bid to trigger all the takeovers."

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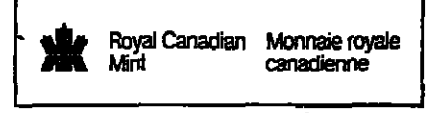
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CHART TALK

The Quarter: Global Gains

AFTER generally dozing during 1984, stock markets around the world awoke last quarter charged with an energy that set records on stock indexes around the globe.

Indexes surged to new highs in New York, London, Tokyo, Frankfurt, Paris, Amsterdam, Zurich, Milan, Oslo and Madrid. In January, electricians in London installed an extra digit on a sign on the Financial Times newspaper building just in time for the industrial share index to break 1,000.

The World Index, a measure of stock prices and dividends around the globe, rose about 9.1 percent from January through March. And when the North American markets are excluded, stock prices rose 9 percent in the quarter. In both cases the index, which was devised by Geneva-based Capital International Perspective, converts the return on equities into dollars.

Prices on the New York Stock Exchange took off in the new year. The Dow Jones Industrial Average of 30 major stocks began rising in the first week of January and by the end of the month had crossed the magic 1,300 level, although it drifted lower by the close. The Dow persistently tried to close above the 1,300 barrier in February and managed a new high of 1,299.36 on March 1. After that effort, it generally drifted moderately lower, ending the quarter at 1,266.78.

"You had a very broad based rally that started the year off, and then we simply went sideways," said Hugh A. Johnson, strategist for First Albany Corp., a regional brokerage firm. Analysts attributed the drift to concerns about the strength of the U.S. economy, fears of a more restrictive monetary policy and rising interest rates, concerns about the banking system and, before the dollar dropped, anticipation that multinational companies would suffer reduced profits from currency translations.

"The really spectacular performance was in stocks of small to medium-sized companies, especially in high technology," Mr. Johnson said.

Boosted by strong corporate profits, London stock prices surged in January, with the Financial Times ordinary share index of 30 major stocks setting a record on Jan. 22 of 1,024.5. The index later lost ground and has returned to triple digits but is still almost 3 percent higher than its year-end level.

"A good British stiff upper lip" has allowed investors to spur the market notwithstanding rising interest rates, according to Roger Nightingale, who follows equities for Hoare Govett, the London stockbrokerage. Last summer rising interest rates had depressed the market, he said, but robust corporate profits this quarter are now helping investors maintain their enthusiasm in the face of interest rates that soared in January and are considerably higher than in the United States.

The surging dollar pulled share prices in its wake on the Frankfurt exchange, pushing the 100-share Frankfurt Allgemeine Zeitung index to 423.55 by mid-March, from 382.39 early in the year. Then a technical consolidation caused the market to level off. At Friday's close the index stood at 408.90, up about 7 percent for the quarter.

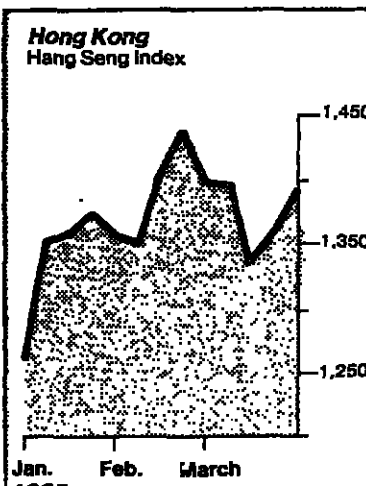
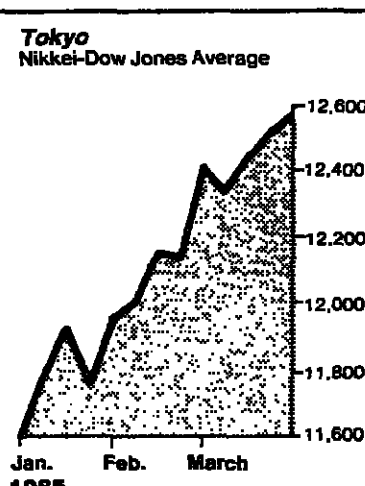
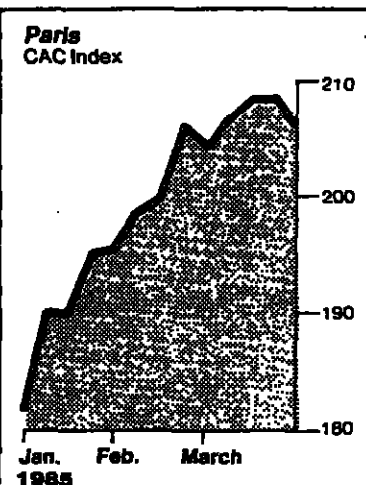
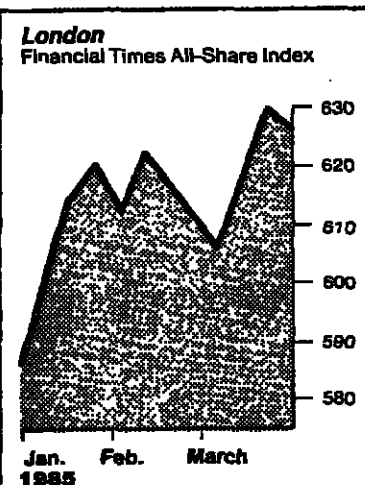
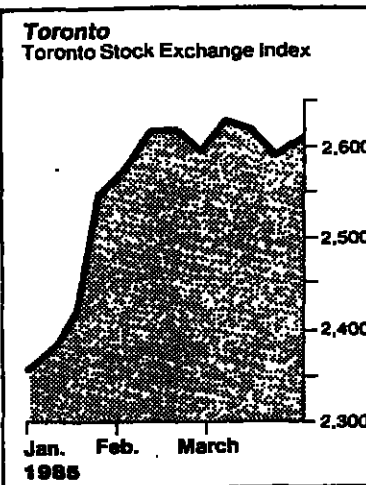
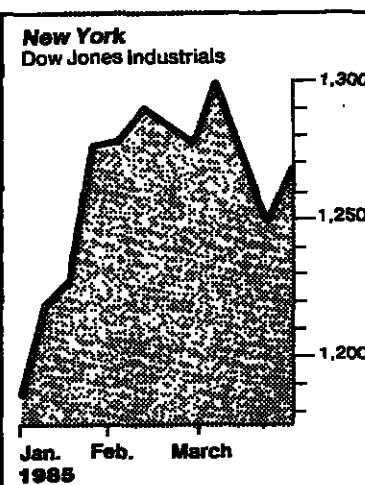
Franz-Josef Lendo, a stock analyst at Frankfurt's Bank für Gemeinwirtschaft, said people were "bowed over by the profit strength of export-oriented companies," whose booming sales to dollar-paying customers last year translated into higher earnings. "But it was a two-edged sword," he added. "As the dollar leveled out, measured decline set in."

The Tokyo stock market continues to set records. An abundance of money to invest and strong corporate profits in the export sector have propelled the 250-stock Nikkei-Dow Jones Average 11,558 at the beginning of the year to 12,580.76, a gain of 8.8 percent in the quarter.

Partly because of their traditionally good performance, equities are

First Quarter Activity on Major Stock Markets

Weekly close of selected share prices on major international stock exchanges



attracting more investors away from bonds. That is also helping to fuel the index's rapid rise. Foreigners are also bidding up stocks, especially biotechnology issues. Analysts say Dai-ichi Pharmaceutical, Yamaguchi Pharmaceutical and Mitsubishi were among the equities that benefited from foreign interest.

New York Times Service

In March, a Hesitant Mood

TAKEOVER maneuvering infused some vitality into the New York Stock Exchange last month, but not enough to chase away the hesitant mood that has held the market back since February.

The Standard & Poor's 500 Index eased a half-point to end the month at 180.66. The Dow Jones Industrial Index dropped more than 17 points to finish at 1,266.78. "The problem with March was that interest rates started to rise," said Elaine Garzarelli, an analyst at Shearson Lehman. "Investors are afraid of a recession."

With the market expecting disappointing first-quarter earnings and concern that the U.S. economy is slowing, investors turned to the stocks that can be counted on to retain their value and produce earnings, according to Miss Garzarelli. "Industries that are more defensive began to perform," she said, citing utilities, foods and tobacco stocks as the dependable refuges for those playing the waiting game. "People still eat and smoke, no matter what," she said.

Nevertheless, last month's merger fever lent some excitement to the otherwise lackluster market. The top three performers on the New York Exchange were the targets of takeover bids. "The broad-based market slacked off, and into the vacuum came the takeovers and the blockbuster of those was ABC," said Norman J. Noble, head of research at Falmestock & Co., referring to the broadcast company's purchase by Capital Cities Corp. "When the ABC deal came through it doubled or tripled interest in takeovers."

With less fanfare, J.M. Tull Industries, a profitable steel processor and distributor, led the winner's list last month. A tender offer for the company's stock by Inland Steel Co. at midmonth and a counteroffer by Bethlehem Steel Corp., which has emerged as the "white knight," were behind Tull's impressive performance.

Evans Products Co., which filed for court protection from its creditors, was March's biggest loser.

In London, increases in the base lending rate and uncertainty about the government's budgetary plans dampened spirits on the stock exchange. The Financial Times All-Share Index fell almost 3 percent in March to close at 614.3.

Even the pound's comeback on currency markets failed to stir British equities. "The appreciation of sterling reduced the value of overseas earnings," said Stephen Lofthouse, a portfolio strategist at James Capel & Co. Sectors dependent on international markets, like tobacco and chemicals, suffered. Domestic retailers were favored.

Dunlop Holdings PLC, which ended protracted takeover talks by agreeing to merge with BTR PLC, topped the leader's list for the second month in a row.

Topping the losers' list was Allied Irish Banks. The company's subsidiary, Insurance Corp. of Ireland, ran into financial difficulties and was bailed out by the Irish government last month.

In Tokyo, the Nikkei-Dow Jones Index gained 2 percent to close at 12,580.76. Analysts said the market lacked clear direction.

Gainers and Losers

The stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in March.

GAINERS

Percent Gain	March 31 Price
New York Stock Exchange:	
Compiled by Media General Financial Services. Prices in dollars	
J.M. Tull Industries	64 21.75
American Broadcasting	59 106.00
McGraw Edison	46 64.00
Coastal Corp.	43 43.75
Electronic Memory	38 8.25
Western Co. of N.A.	38 6.88
Publisher Industries	36 3.75
Tricentral PLC	36 5.63
Safeguard Scientific	35 8.75
British Telecom ADR	34 17.25

LOSERS

Percent Loss	March 31 Price
New York Stock Exchange:	
Compiled by Media General Financial Services. Prices in dollars	
Evans Products	53 2.25
ComputerVision Corp.	49 19.00
American S&L Assoc. Fla.	45 8.50
Centronics Data Computer	43 5.00
Mohawk Data Sciences	35 7.50
Massey-Ferguson Ltd.	32 2.13
Western Co. of N.A.	32 8.63
Houston Oil Royalty	29 2.50
LLC Corp.	26 17.75
AVX Corp.	25 4.88
River Oaks Industries	25 4.88

American Stock Exchange:

Percent Gain	March 31 Price
American Stock Exchange:	
Compiled by Capital International. Prices in pence	
Holly Corp.	40 11.38
Wright-Hargreaves Mines	39 6.25
Spenstair Farm Inc.	38 10.50
Verbatim Corp.	34 7.38
Martin Processing Inc.	33 24.88

Percent Loss	March 31 Price
American Stock Exchange:	
Compiled by Capital International. Prices in pence	
Unity Buying Service Co.	52 10.00
Expro Systems	45 2.00
Westbridge Capital Corp.	44 9.75
Texscan Corp.	41 3.38
Swanton Corp.	41 3.38

Over the Counter:

Percent Gain	March 31 Price
Over the Counter:	
Compiled by Capital International. Prices in pence	
Laser Photonics	106 9.25
Syres Communications	100 2.75
Unifil	89 2.13
Photronics Corp.	86 5.13
Verdic Corp.	83 6.75

Percent Loss	March 31 Price
Over the Counter:	
Compiled by Capital International. Prices in pence	
Arlington Realty	60 5.25
Pyramid Oil Co.	41 4.75
Andrew Corp.	38 22.50
Schaak Electronics	36 4.50
Walker Telecommunication	35 7.75

London Stock Exchange:

Percent Gain	March 31 Price
London Stock Exchange:	
Compiled by Capital International. Prices in pence	
Dunlop Holding	48 66
Woolworth Holdings	37 779
Delta Group	25 155
House of Fraser	21 396
Ocean Transport	20 183
British Telecom	18 141
Ultramar	17 228
Ranks Hovis McDougall	17 154
W.H. Smith & Sons	16 206
Glynwed	14 204

Percent Loss	March 31 Price
London Stock Exchange:	
Compiled by Capital International. Prices in pence	
Allied Irish Banks	25 101
International Thompson	18 492
BSR International	16 118
Thorn EMI	11 401
Imperial Chemical	10 762
United Biscuits	9 181
Inchcape U.K.	9 403
Courtauld	9 141
Tate & Lyle	9 426
Bank Ireland	9 230

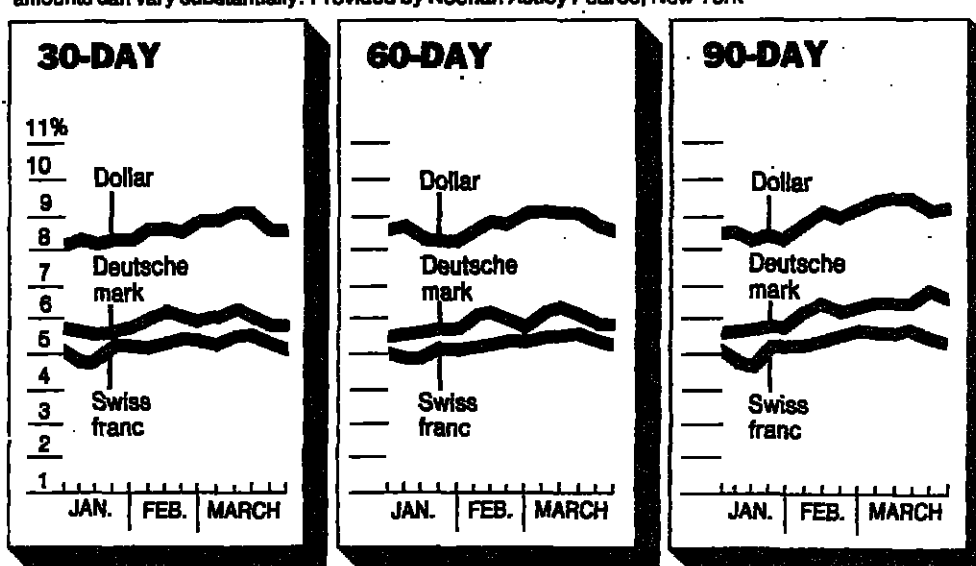
Tokyo Stock Exchange:

Percent Gain	March 31 Price
Tokyo Stock Exchange:	
Compiled by Capital International. Prices in yen	
Green Cross	29 3,540
Nippon Credit Bank	27 5,340
Asahi Chemical	27 888
Hokkaido Tokushoku	27 630
Unilever	25 262
Yamachi Securities	24 810
Daichi Sanyaku	24 2,360
Japan Airlines	23 6,500
Nippon Light Metal	22 288
Mitsui Toatsu	20 238

Percent Loss	March 31 Price
Tokyo Stock Exchange:	
Compiled by Capital International. Prices in yen	
Nippon Gakki	27 1,760
Pioneer Electronic	17 2,610
Omron Tateisi	16 1,730
TDK	15 5,480
Mochida Pharmaceutical	15 8,560
Nitto Electrical	14 1,500
Hattori Seiko	13 1,020
Mori Seiki	12 2,480
Kyocera	12 5,500
Victor Co.	11 2,070

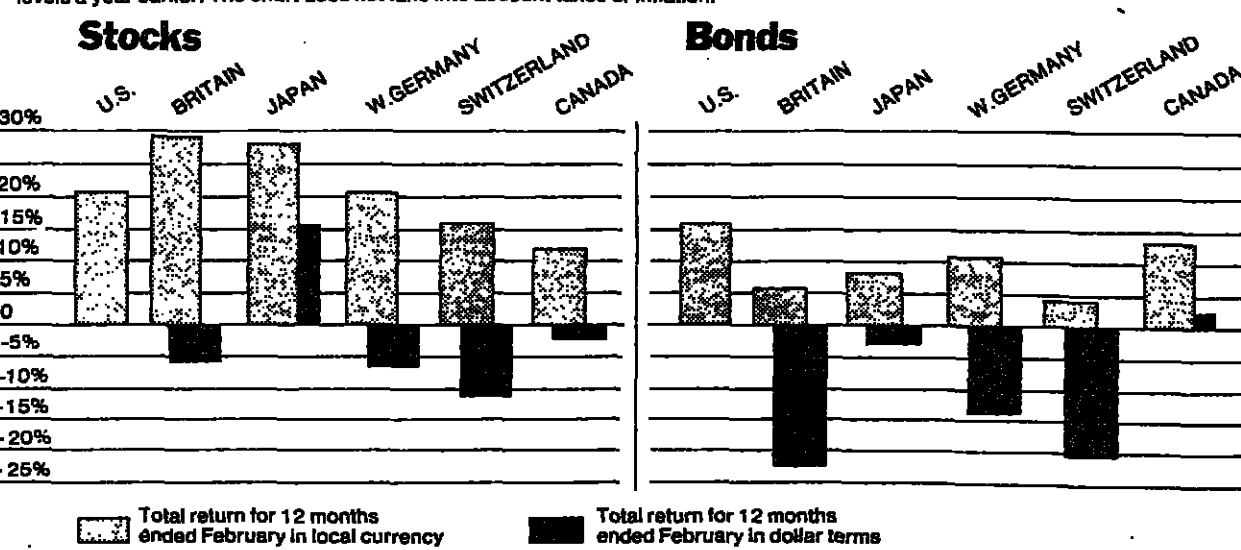
Eurocurrency Deposit Rates

Interbank rates on deposits of \$1 million or equivalent. Quotes offered on smaller amounts can vary substantially. Provided by Noonan Astley Pearce, New York



Total Return for 12 Months

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Offshore Funds in Hong Kong

(Continued from Page 7)

taken with Hong Kong lately that it is difficult to tell one from the other.

For example, the \$58-million Jardine Fleming Hong Kong Trust is currently 87 percent invested in Hong Kong with small percentages sprinkled in markets in Singapore, Malaysia, Taiwan and Britain. By contrast, its sister Asian fund, Jardine Fleming's Eastern Trust, which totals \$16 million, is 78 percent invested in Hong Kong.

Not surprisingly, the fascination with Hong Kong funds has also led to talk of a China fund that would focus on companies expected to benefit from Hong Kong's growing business ties with the mainland. Robert Lloyd George, manager of Indosuez's Asian Growth fund, said China will soon replace the United States

as Hong Kong's primary export market.

Charles Willis, a fund manager with Jardine Fleming, says his organization is working on the idea of a China unit trust that would include international companies with large interests in China.

Nevertheless, a number of observers say a China fund may be premature. Experts at N.M. Rothschild, which manages the Old Court Hong Kong Fund, have taken a close look at companies doing business with China. In many cases, they found that the percentage of company profits that resulted from direct business dealings with China is "minuscule."

Some fund executives go so far as to dismiss the concept of a China fund as a marketing gimmick. They point out that the Hong Kong stock market is already directly influenced by what happens on the

mainland and they question the need for a new fund. Moreover, with Hong Kong destined to become an integral part of China in 1997, the distinction between a purely Hong Kong fund and China fund is fading.

Instead, these fund managers prefer to concentrate on the Hong Kong market, trying to get a mixture of stocks that can benefit from China's modernization, but also capture the anticipated gains in other sectors.

Getting the right mixture in a giddy market like Hong Kong is not easy, however. Mr. Kong of Schroder's says a common mistake in Hong Kong is to trade on rumor, ignoring fundamentals. "A lot of people think this is a punter's paradise," he said. "But I feel strongly that if you apply sophisticated techniques to this market, you'll do much better than those who don't."

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SOMETHING DIFFERENT

Looking Past the Critics' Choice

By John Rearick

REMEMBER Joseph Hergesheimer? Few people do. In the 1920s and '30s he was a rising star on the literary horizon. His carefully researched historical novels enthralled the American public, and fans snatched up editions of his work as soon as they appeared at book stores.

Mr. Hergesheimer's celebrity soon attracted the attention of investment-minded book collectors. Convinced that his fame would endure and that the value of his books would rise accordingly, they eagerly added Mr. Hergesheimer's works to their collections. Many are sorry they did.

More than a half a century after "The Lay Anthony" and "The Three Black Pennies" propelled him to prominence, Mr. Hergesheimer is a forgotten figure in literary history. Although he finished more than 20 novels before his death in 1954, his works languish in obscurity. "I haven't been able to sell a Hergesheimer in 20 years," lamented Robert Wilson, who owns The Phoenix Bookstore in New York City.

It is hard to find any one reason for Mr. Hergesheimer's fall from favor. Some experts ascribe it simply to the fickleness of the reading public. Whatever the reason, it illustrates the treacherous nature of the rare book market.

Even book dealers generally discourage investors. "Don't" is Mr. Wilson's advice to those considering investment in books just for profit. "Despite the fact that the market has gone up staggeringly in the last 10 years," he said, "nothing can be counted on in the book market except the aesthetic pleasure of having the book."

Nevertheless, scanning the prices that books have fetched at auctions in the past year might well inspire an investor to make



Best Sellers

The prices that various rare books and manuscripts brought at auction in 1984

Book	Price
Autographed manuscripts of Abraham Lincoln's last public address	\$210,000
The Antiquities of Mexico, edited by Lord Kingsborough, published in 1831	\$60,000
Philosophiae Naturalis Principia Mathematica, by Sir Isaac Newton	\$20,000
The Fables of La Fontaine, an illustrated edition, published in 1755	\$19,000
Second Folio of plays by William Shakespeare	\$9,500
Mansfield Park, by Jane Austen	\$4,990
Valley of the Dolls, original manuscript by Jacqueline Susann	\$5,500
The Thin Man, by Dashiell Hammett	\$1,200

room in his portfolio for some 16th century sermons or Victorian literature. An edition of Isaac Newton's work brought \$20,000 in 1984, while a facsimile of an Audubon book went for \$34,000. Even a first edition of "The Thin Man" by Dashiell Hammett sold for \$1,200 at a recent auction.

In the last four years, the average dollar value of fine rare books has risen 50 percent, according to Sir William Rees-Mogg, who runs the London book firm of Pickering and Chatto.

"Book collecting has been a very profitable investment," according to Sir William. "The market is always getting narrower. There has been a steady increase in money and a steady decrease in supply."

As a general rule for investors, books fall into two categories: expensive classics that are sure to offer some rate of appreciation, and modern books that are relatively inexpensive but completely

speculative in terms of investment value.

"What has come to control the market is affordability and availability," Mr. Wilson said. "Everyone, he says, would like to have a first edition Jane Austen or a Walt Whitman, let alone a Shakespeare folio or a Gutenberg Bible, but family collections, museums and libraries have left a market mostly populated by modern literature."

Not surprisingly, collectors have begun to covet contemporary classics. Some have performed very well on the market. "Casino Royale," Ian Fleming's first thriller, is estimated to be worth around \$1,800. First editions of John Updike's early works from the 1950s are now valued at about \$300.

Before beginning a collection, experts say, investors should first stake out an area of interest in literature.

"It is much safer to collect poets," suggests Mr. Wilson. "It takes time for them to establish a reputation and, conversely, their reputations don't decline as fast." Mr. Wilson said that 20 years ago he bought "Jim's Book," the first book by James Merrill, a Pulitzer Prize-winning poet, for \$35. He estimates that the book is now worth \$5,000.

Sir William favors 19th century texts. Fiction and poetry from the period may be out of reach for most new collectors, he said, but the political and scientific works of the era are still collectable. He encourages new collectors to consider the works of Gladstone, Disraeli and T.H. Huxley.

After narrowing the search to a particular author or period, a collector should then examine a book's condition, establish how rare it is and try to gauge potential demand.

Of the three criteria, condition is the most important. Even the rarest book can prove difficult to sell if there is damage to its binding, edges or dustcover. A worn first edition of F. Scott Fitzgerald's "The Great Gatsby" languished for two years on the shelf at New York's Strand Book Store, recalls Craig Anderson, a rare book specialist at the shop.

Determining rarity and future demand is a lot trickier. Stephen King's "The Shining" and "Carrie" are considered hot collectibles. But now that Mr. King is a big seller and his handovers are receiving massive first printings, collectors are looking for publisher's proofs of the ghoulish novels.

"The closer you get to the point of creation, the more valuable it is," advised Judith Lowry of the Argosy Book Store in New York. First editions of a popular work will bring high prices, but a book's manuscript, the publisher's galley sheets, page proofs and prepublication review copies can be even

more attractive to collectors, provided they do not find the rough versions aesthetically unappealing.

In some special cases, book collectors might even prefer a second edition to a first. Mrs. Lowry noted that the earliest edition of Robert Frost's collected poems was incomplete. True lovers of Frost usually choose the completed second version over the more valuable first edition, she said.

To determine potential demand, the Strand's Mr. Anderson suggests looking over several years' auction records to get a sense of the book's price movement on the market.

In the end, it must be remembered that the market is driven by book lovers, not investors. "You should be appreciating your book," counsels Mrs. Lowry, "not waiting for it to appreciate."

REAL ESTATE

The Lure of British Real Estate

By Andree Brooks

WHEN Douglas Coppola, a New York investment banker, and his wife, Denise, learned early this year that they were being posted to London, they immediately contacted Denise LeVan, European referral director at the local offices of Sotheby's International for advice on London properties.

"Last time we were sent to London we rented," Mrs. Coppola said. "But this time, we wanted to jump in with both feet. With the pound so low, everything looks like an absolute bargain."

Whether for use during a posting, as a pied-à-terre, as a vacation home or as an investment, property in Britain is being sought by foreigners with dollars to spend. With the pound having slid against the dollar to nearly half its value five years ago, it is possible to buy a one-bedroom luxury Mayfair flat for the equivalent of about \$100,000 or a three-bedroom period house in other prime neighborhoods like Kensington or Holland Park for around \$250,000.

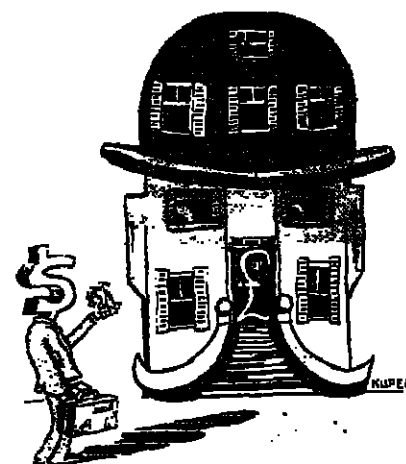
But are these apparent bargains a sound investment? In London, brokers paint a mixed picture. On the debit side is the generally poor quality of maintenance of many of the period inner-London structures that foreigners favor, their already inflated prices by local standards — which have virtually eliminated local buyers from the market — and notorious delays in dealing with sellers, lawyers and contractors.

Also unsettling are the tenuous, restrictive nature of the leasehold style of ownership that prevails in most of central London and the possibility that the pound, which has already shown signs of recovering, could strengthen dramatically and take the steam out of the luxury market, where most of the activity is occurring.

Only 30 percent of central London property is being sold to local residents, said Victoria Mitchell, an investment adviser with Savills, a major London agency. Jeffrey Gould, a London-based American lawyer, warned that it thus may not be easy to sell if there is a violent swing in the value of the pound.

Balancing these drawbacks is the tight supply of good central London property, caused largely by pre-existing demand from foreigners that led to a 30-percent increase in prices last year. Another factor is a shortage of land for development or redevelopment, which inhibits new construction. Many of the "new" housing units in London are rehabilitations of existing properties. Provided the pound stays about level, continuing shortages suggest strength in the market.

Moreover, rents for good central London



properties are strong and still rising, making them more attractive as investments. A one-bedroom \$100,000 flat in Mayfair, for example, fetches about \$1,400 a month, a family house about \$2,400.

In addition, London is in the midst of a substantial period of property restoration, providing the chance to buy in one of the "coming back" neighborhoods like Hammer-smith, Battersea or Clapham. In these areas, a four-bedroom Victorian brick row house can still be bought for \$90,000 and may appreciate later as revitalization of those neighborhoods continues.

Professionals are now recommending the period properties, where demand is consistently strongest. Modern houses or flats are not enjoying the same level of appreciation, reported David M. Pallot, an associate partner with the Chelsea office of Chestertons, now that Arab buyers, who dominated the market for about six years and always preferred new construction, are less active in this market.

At the moment, because they are served by major highways from London, the most sought-after country properties are those west of London in Berkshire, Wiltshire and Hampshire and parts of Gloucestershire and Oxfordshire.

Mr. Gould counsels buyers to weigh prices against the value of comparable properties, not the relative cost in dollars.

Once a price has been settled, however, it is not a firm agreement until contracts are signed, which may occur months after buyer and seller shake hands informally on the terms. In the United States, binding contracts are signed soon after an agreement is reached, with the closing set for some time later to allow time for title searches and other verifications.

Robert Levy, a British solicitor specializing in real-estate transactions, warns against filling the vacuum with a binder signed by both parties unless it includes the terms "subject to contract." Otherwise it can be considered a legally binding contract, even before the building has been inspected or financing is in place.

A hazardous byproduct of this hiatus is the widespread British practice of "gazumping" — unceremoniously dumping one buyer for another who offers a higher price or is able to reach the contract stage sooner. Only speed can avoid this.

Ten percent of the sale price is due at the time of contract. There is no title insurance in Britain; the title search is done by the buyer's lawyer. Expect the lawyer to charge around 1 percent of the purchase price for the entire transaction, although fees are competitive and it may pay to shop around.

Among other closing costs are a value-added tax of 15 percent on all professional services, a "stamp duty" of 1 percent of the sale price and any application, appraisal fees or points charged by the lender.

Investigate the terms if the home is a leasehold offering. In central London, many properties belong to a major landowner such as the Grosvenor Estates, Cadogan Estates, Crown or Church Commissioners, and are normally leased on a constantly renewable long-term basis, such as 99 years.

However, lenders are uneasy about financing a lease that has less than 30 years to run, warned Julian Standing, a senior agent with John D. Wood & Co., another major London agency, and a short term can depress value. Also, the landowner can insist on certain repairs at certain times.

But in the last 15 years, laws have been passed protecting the resident-owner, noted Anthony Radcliffe, a solicitor with Boodie, Hatfield Co., a London firm specializing in leasehold issues. For instance, occupants of leasehold properties with a taxable value of less than £1,500 (\$1,800) or around £200,000 in market value, can demand the freeholds from the landowners at a fair market price after they have lived in them for three years. More protective measures are expected soon, and extensions often can be negotiated before a current lease expires.

Potential buyers should also be aware that local British lenders have been unwilling to lend to a foreigner unless he or she is a known customer or works for a corporate customer. When the time comes to sell, the homeowner will find that Britain does not levy a capital-gains tax on sale of a residence if it is the owner's only British home. There are also no restrictions on the repatriation of funds.

New York Times Service

Is your portfolio in the right shape?

Ask Swiss Bank Corporation

"If investment management were just a matter of making the right guesses, there would be even more new names getting into the act every day, and far fewer old names still around."

Jacques Rossier,
Senior Vice President

However, as Mr. Rossier puts it, the first thing to remember about investment management is that you have to be very clear about your investment objectives. And for that, you also need to know how the external factors and the range of possibilities can affect these objectives. This is why many investors are looking for even more than an ability to make sound decisions when they choose a portfolio manager. They want to know what they're getting into, and they want to make sure their objectives are sound. So a good investment manager has to know his customers as well as his markets. It's a good reason for going to a good bank, with the organizational resources and experience to give you the "up-front back-up" you need.

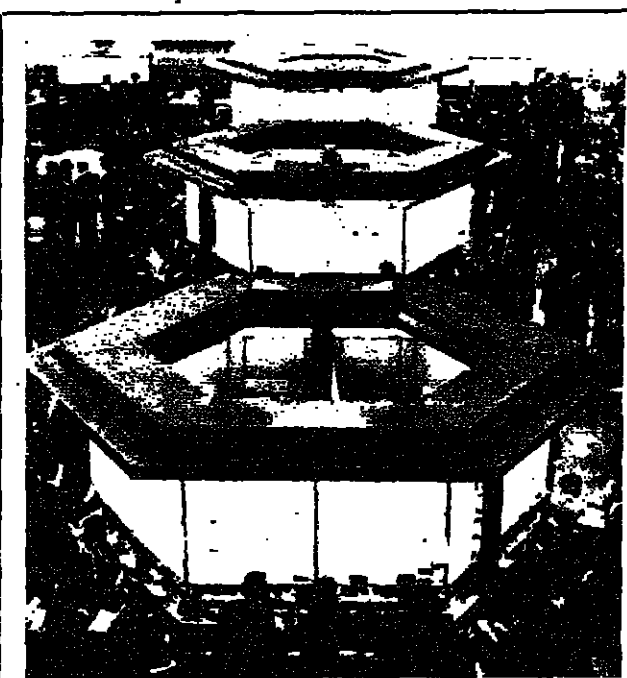


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The trading floor of the London Stock Exchange.

Next Month

High U.K. interest rates and the possibility of a decline in the dollar are drawing investor attention to Britain's government-bond market. In its May 13 issue, *Personal Investing* also explores how the changes in the structure of London's securities affect the individual investor. In other reports:

- Knowing how to recognize a "story stock" is crucial to understanding Japanese equities.
- A look at whether the best-performing commodities funds can duplicate their 1984 performance.
- Fare wars have buffeted the airline sector, cutting into profits. Analysts give a rundown of some key stocks as the travel season approaches.
- The world of antique maps.

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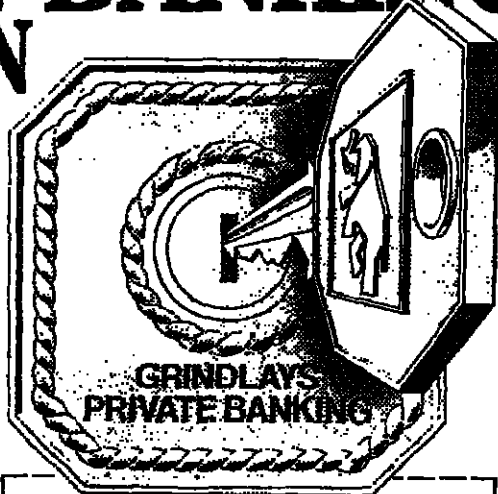
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ARTS / LEISURE

From Bleak Themes, Laughter

Argentine Playwright Turned to Humor in Military Regime

By Kevin Noble

BUENOS AIRES — With a humor once used to outwit military censors, Roberto Cossa is keeping standing-room-only crowds in stitches while exploring the dark side of the Argentine character.

Cossa's latest play, "Los Compadrios," has become the smash hit of gaudy Corrientes Street, Buenos Aires' answer to Broadway. It will be presented in August at the Latin Theater Festival in New York by the New York Shakespeare Festival.

The play centers on an ill-fated scheme by a German naval commander and a money-hungry sandwich shop owner to launch a Nazi front in Argentina during World War II.

The shop is turned into a beer hall, complete with swastikas and portraits of Hitler. When the effort flops and the Nazis are defeated in Europe, the beer hall falls into ruin and the schemers are reduced to junkies.

The allusions are obvious, Cossa admits, to the rightist armed forces leaders who seized power in 1976 and launched a "National Reorganization Process." Disgraced by military and economic debacles, the dictatorship stepped down in 1983, when civilians returned to rule.

"I wanted to present images of what happened during the Process through this Nazi commander," Cossa said in an interview.

He said the inspiration for the play came while he was reading an article about the defeat of the German pocket battleship Graf Spee in the Río de la Plata in 1939. The vessel's 1,000 crewmen were interned in Argentina for the duration of the war, and most of them permanently settled in the country.

"This story offered a great medium for presenting the problems of right now," Cossa said. "Then emerged old obsessions of mine (such as) the issue of the identity of Argentines and our country."

"It's a country that wants to be like Europe or the United States."

It's insecure and has pretensions of being a great country. There's a tremendous frustration," he said.

The play's title literally means "Little Comrades," but in Argentine parlance a *compadrio* is a certain type of boastful and shiftless dandy who, switchblade in pocket, haunted the shadowy dance halls of Buenos Aires during the tango's heyday in the early 1900s.

The *compadrio* lived for the razzle-dazzle, and his philosophy of scant ethics persists as a kind of urban cynicism called *viveza*.

"It's a widespread concept here," Cossa said.

Despite its bleak themes of greed and totalitarianism, "Los Compadrios" is loaded with comic stereotypes, sly political allusions and a fair dose of slapstick.

Cossa, one of Argentina's most successful playwrights, said he turned to humor when the military took over. Censorship was fierce under the dictatorship. Artists suspected of leftist leanings were persecuted or forced into exile.

"The only way to stay and survive was with humor as a defense. It was a way to survive psychologically and, in addition, a way to express things that could not otherwise be said."

Cossa, identified with leftist factions of the Peronist Party, was barred from the large government-subsidized municipal theaters. He also could not produce his works for television or as movies, a major source of income for Argentine playwrights.

In 1981, together with other banned playwrights and actors, he organized the Teatro Abierto, or Open Theater, which enjoyed tremendous success in small venues despite the repression.

"There were things we couldn't say straight out," Cossa recalled. "We used a lot of metaphor. You had to use subtlety."

He said the theater was not so heavily censored as other art forms, such as books, movie and television, because of its appeal to a smaller audience.

Ironically, the end of military rule has hurt theater, he said. "When democracy returned, the Argentine movie industry went back into production. And even television began presenting works that addressed contemporary issues. Also, all the foreign movies we couldn't see for 10 years began pouring in. Thus, theater found itself with a reduced audience."

Jazz Poster Stirs Charges of Racism

By Michael Zwerin

International Herald Tribune

PARIS, France — The poster shows 12 arrows carrying the colors of European countries flying in the direction of a thick-lipped "Black Sambo" stereotype playing drums. Most of the arrows have hit the bass drum, which has "American Jazz Band" printed on it, but the French one has pierced his bowler hat and the Portuguese arrow is about to enter his heart.

The Afro-American Parisian artistic community and many European musicians are up in arms over what they consider a racist and chauvinist image appearing on the program cover and poster for the "Europa Jazz Festival" in Le Mans, France April 18-21. The organizers and some co-sponsors admitted to embarrassment over what they call "a bad mistake."

Hart Leroy Bibbs, the photographer, poet and novelist, thinks it's worse than that: "This insulting stereotype cannot be separated from the climate of mounting racism in France, from the recent bombing of the Jewish Film Festival and the popularity of Jean-Marie Le Pen's National Front party."

The saxophonist Steve Potts tore the poster down from the wall of the New Morning Club. The Sunset, another jazz club, refused to hang it, as did the cultural section of the Dutch Embassy, one of the co-sponsors.

Alan Silva, musical director of the cooperative French-American jazz school IACP, refused to allow the poster to be hung in the school because "I have a lot of Third World students. It's insulting to them." Alexander Schlippenbach, the German leader of the intercultural Globe Unity Orchestra, was "outraged" by the image, although he is not on the program. He told Silva: "European musicians should not be associated with this sort of fascist publicity."

The organizer, Armand Meignan, explained: "We meant it as a gag. We just wanted to show that Europeans are as good as Americans. It's too late to change it; I would if I could. The drawing represents old New Orleans-style jazz, and now we Europeans can do it better. But I program blues and African festivals and many black jazz musicians all year round."

The white-black, European-American controversy is not new. It is still part of daily conversation among French musicians, many of whom consider American jazzmen resident in France as cultural imperialists (although almost every biography in the Europa program boasts American names as influences and credits).

In his book "Histoire Générale du Swing" published in Paris during the occupation in 1942, André Coeuroy tried to prove that jazz was European rather than African, that it descended from French and Italian folk melodies and from Debussy. "It has been assumed for a long time that jazz is specifically Negro music. My theory is the opposite. Jazz became Negro by chance. The principal elements are not only white, but European. Its history and its material both belong to us."

Charles Delaunay, president of the Hot Club de France, reviewed Coeuroy's book in Jazz Hot magazine. "The author adopted a thesis that he pushed to the absurd. He tries to prove that everything worthwhile in jazz is European, he portrays Negroes as clowns, he ridicules black music. This is really shocking."



Cover of the Le Mans jazz festival program.

As the novelty of American jazz musicians in Europe gradually wore off, the European level of musicianship rose thanks to their American teachers, and fierce competition was set off in a declining market. Meignan wonders whether the Americans are better because they are not included on his program.

The pianist Bobby Few denied it: "He has the right to hire who he pleases, but that drawing does not represent the image of Afro-Americans in 1985. It's a slap in the face."

Henry Pillsbury, artistic director of the American Center, which sponsors cultural events in all the arts, said: "As programmers of jazz in Paris we have never maintained American exclusivity. We have tried to bridge the gap, although historically jazz is the single undisputedly American art form."

Alain Surrance, who heads the music section of the French Ministry of Culture, a co-sponsor, said he had not seen the drawing before it was printed and would not have approved it if he had. He called it "a blunder," adding, "It looks to me like they are trying to kill their father."

Even the Very Wealthy Have Their Problems

By Sharon Johnson

New York Times Service

NEW YORK — Between them, the 30-year-old Boston couple had \$10 million. They spent their winters skiing in Switzerland and their summers sailing off Cape Cod. They had two lovely daughters and a large circle of wealthy friends. Everyone presumed they had the perfect marriage, but in fact they longed for a divorce. Why?

"Because money is not a cure-all for problems in a relationship," said Joanna T. Steichen, a New York City psychotherapist and author of "Marrying Up: An American Dream and Reality" (Rawson Associates, 1983). "Like every other couple, the very wealthy have to address such issues as trust, commitment and dependency on their mates."

Dr. Roy J. Grinker Jr., a Chicago psychoanalyst who has studied the emotional problems of the extremely rich, agrees.

"The very rich have many of the same problems in marriage as the very poor," he said. "They have difficulty trusting and committing themselves to a mate and communicating their needs and resolving differences."

In some cases, the very rich have marital difficulties because they have had few if any models of successful marriages, experts said. They don't know how married couples work out differences because they spend so much time alone as children or with servants.

"Even worse," Grinker said, "is that many rich people never learn to trust anyone. They never got close to their parents because the parents were too busy with their work or social lives. Sometimes a servant tried to meet their emotional needs, but when this happened, the parents got jealous and repressed him."

When they grow up, the very rich sometimes repeat this destructive pattern in their search for a mate. Some of them bury themselves in work or endless parties. If they do find someone suitable, they often reject the person for flimsy reasons because they are afraid the person will find something wrong with them and eventually reject them.

Boredom and social pressures lead many wealthy people to marry. Such marriages are often doomed to failure because the mates expect their partners to fulfill all their needs, especially if they

don't have jobs or serious avocations.

That is what the Boston couple discovered when they consulted a therapist. The husband had never tried to find a job because he believed that a life of skiing and sailing would be more interesting. His wife resented his forcing her to accompany him on his frequent trips because she wanted to spend more time at home with their school-age children and to pursue a master's degree. Their marriage improved when the husband started a small business and made friends with others in his field. The wife also was happier because she had some time for her interests.

Marital discord can be severe in cases where one mate is very rich and the other is not. Conflicts over such things as whether the wife should work outside the home and how much the couple should spend on dining out can occur because each partner has different expectations of what is acceptable behavior based on their backgrounds.

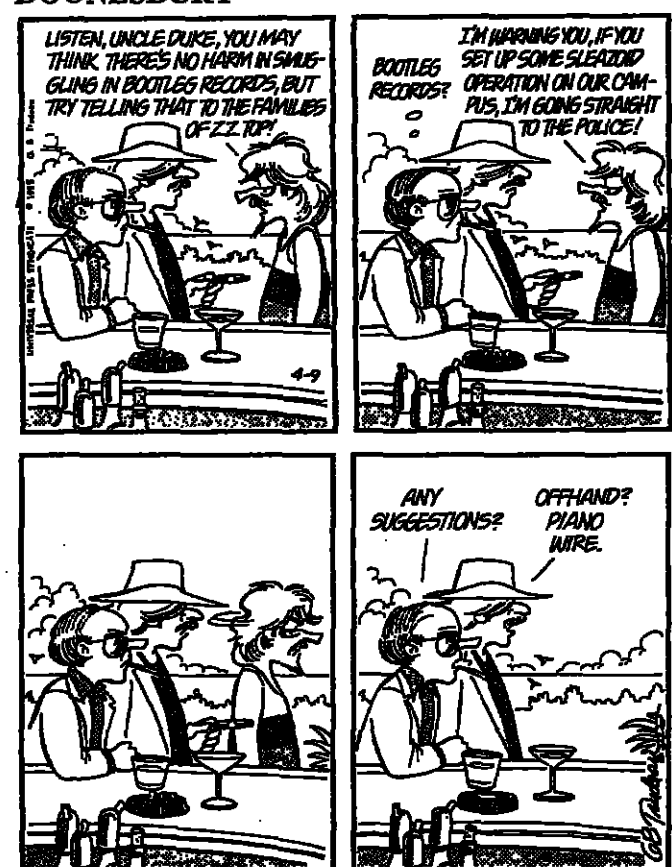
Women who have inherited wealth sometimes are afraid to tell their new husbands how much they have, according to Tracy Gary, founder of the Women's Foundation, an organization of 400 women with inherited wealth in the San Francisco Bay area.

"Money raises a lot of issues, like envy and control, which many couples don't like to face," she said. "Wealthy women are especially vulnerable because they sometimes don't have the expertise they need to make good financial decisions, and this can put a strain on the marriage, especially if the man resents the way the money is being spent."

Despite the drawbacks, many people still dream of marrying someone richer than they are. Men as well as women fall into this category, according to Steichen, the New York City psychotherapist.

"There have always been a lot of ambitious men who want to move up and do so by marrying a rich woman," she said. "Some of these marriages are disasters because the man is looking toward his rich wife to solve his problems of lack of self-esteem by giving him a ticket to wealth and social position. On the other hand, these marriages can be happy for both partners if they have similar interests, values, respect and affection for each other. Then the money is only a happy addition to their lives."

DOONESBURY



NYSE Most Active

Vol.	High	Low	Chg.
Unocal	24.80	24.50	+0.30
Pepsi	14.00	13.75	+0.25
IBM	112.00	111.00	+1.00
AT&T	72.00	71.00	+1.00
Amgen	24.00	23.50	+0.50
Amgen	24.00	23.50	+0.50
Amgen	24.00	23.50	+0.50
Amgen	24.00	23.50	+0.50
Amgen	24.00	23.50	+0.50
Amgen	24.00	23.50	+0.50

Dow Jones Bond Averages

Prev.	Today
23.01	23.18
72.91	73.06

Dow Jones Averages

Open	Previous	Low	High	Today
1254.29	1254.34	1252.55	1257.77	1257.77
1254.29	1254.34	1252.55	1257.77	1257.77
1254.29	1254.34	1252.55	1257.77	1257.77
1254.29	1254.34	1252.55	1257.77	1257.77

Previous NYSE Diaries

Advanced	Declined	Unchanged
690	814	1001
1972	1972	1972

NYSE Index

High	Previous	Low	Today
103.71	103.71	103.71	103.71
103.71	103.71	103.71	103.71
103.71	103.71	103.71	103.71
103.71	103.71	103.71	103.71

Odd-Lot Trading in N.Y.

April 4	Buy	Sell	Net
103.71	103.71	103.71	103.71
103.71	103.71	103.71	103.71
103.71	103.71	103.71	103.71
103.71	103.71	103.71	103.71

Monday's NYSE 3pm

Vol. at 3 P.M.	4,186,000
Prev. 3 P.M.	4,028,000
Prev. consolidated	111,877,876

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

Previous AMEX Diaries

Advanced	Declined	Unchanged
224	218	298
103.71	103.71	103.71
103.71	103.71	103.71
103.71	103.71	103.71

Standard & Poor's Index

High	Previous	Low	Today
197.72	197.72	197.72	197.72
197.72	197.72	197.72	197.72
197.72	197.72	197.72	197.72
197.72	197.72	197.72	197.72

NASDAQ Index

Week	Year	Age	Age
202.48	202.48	202.48	202.48
202.48	202.48	202.48	202.48
202.48	202.48	202.48	202.48
202.48	202.48	202.48	202.48

AMEX Sales

1 P.M. volume	4,440,000
Prev. 3 P.M. volume	5,890,000
Prev. consolidated	7,220,000

AMEX Most Active

Vol.	High	Low	Chg.
248	24.80	24.50	+0.30
248	24.80	24.50	+0.30
248	24.80	24.50	+0.30
248	24.80	24.50	+0.30

AMEX Stock Index

High	Previous	Low	Today
227.67	227.67	227.67	227.67
227.67	227.67	227.67	227.67
227.67	227.67	227.67	227.67
227.67	227.67	227.67	227.67

Market Down After Weak Rally

Compiled by Our Staff From Dispatches

NEW YORK — The stock market turned downward Monday, pulling back after a weak early advance.

The Dow Jones average of 30 industrials, up about 3 points in early trading, was off 1.54 at 1,257.51 about two hours before the close.

Losers held an 8-7 lead over gainers among New York Stock Exchange-listed issues.

Although prices in tables on these pages are from 3 P.M. in New York, for time reasons, this article is based on the market at 2 P.M.

Volume on the Big Board came to 51.65 million shares with two hours to go.

The NYSE's composite index dropped .11 to 103.60. At the American Stock Exchange, the market value index was up .56 at 227.41.

The market attracted some buyers in the waning minutes last Thursday when the White House announced agreement with Senate Republicans on budget proposals aimed at reducing the U.S. federal deficit.

But brokers said many traders were guarded in their appraisal of that news. They said much remained to be done in Washington before investors generally were likely to become convinced that significant progress is being made on the deficit.

The market is also faced in the next few weeks with corporate earnings reports for the first quarter.

Analysts lately have been scaling down their estimates for a good many companies, and

warning that disappointing profit figures may be common, with U.S. economic growth having been a bit less robust than had been expected for the January-March period.

Unocal Corp. was leading the active list and climbed 3/4 to 49 1/2. A group led by T. Boone Pickens, chairman of Mesa Petroleum Co., said it began a tender offer for 64 million Unocal shares at \$54 apiece.

Cox Communications Inc. jumped 15 to 77 1/2. The family-owned Cox Enterprises said it would make a \$75-a-share offer for all the Cox Communications stock in public hands.

Earlier, Pennsylvania Power & Light was the second-most active issue — after Unocal — on the NYSE, off 3/4 to 24 1/2.

International Business Machines Corp. followed, off 1 1/2 to 125 1/2. Among other technology issues, Digital Equipment Corp. was off 1/4 to 101 1/2. Motorola Inc. up 1/4 to 32 1/2 and Hewlett-Packard Co. off 1/4 to 33 1/2.

American Telephone & Telegraph Co. was unchanged at 20 1/2 in active trading. The company filed with the Federal Communications Commission last week, opposing changes in the assignment of default telephone traffic. Competitors MCI Telecommunications Corp. and GTE Corp.'s Sprint division said in separate filings that the current system gives AT&T an unfair advantage.

Allied Corp. was up 2 1/2 to 38 1/2. CBS Inc. was off 3/4 to 107 1/2, after reporting first-quarter net of \$16.7 million compared with \$38.9 million in the year-ago quarter.

(AP, UPI)

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	3 P.M.	Chg.
227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67
227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67
227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67
227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	3 P.M.	Chg.
227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67
227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67
227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67
227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67

12 Month	High	Low	Stock	Div.	Yld.	PE	52	High	Low	3 P.M.	Chg.
227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67
227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67
227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67
227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67	227.67

12 Month	High	Low	Stock	Div.	Yld.	PE	52
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AMEX prices	P.14	Business reports P.34
AMEX volume	P.14	Price rate index P.12
NYSE prices	P.12	Gold markets P.12
NYSE volume	P.14	Interest rates P.12
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TUESDAY, APRIL 9, 1985

FUTURES AND OPTIONS

May Cocoa Contract Offers High-Velocity Price Swings

By ELIZABETH M. FOWLER

NEW YORK — Commodity futures speculators always like a fast-moving, volatile market. They do not have to look far these days for a cliff-hanger that has been offering a fast swing for the money. It is the May cocoa futures contract, traded on the Coffee, Sugar and Cocoa Exchange in New York, which has swung between a contract high of \$2,570 a metric ton and a contract low of \$1,998 a metric ton.

Last Thursday, the closing price was \$2,321, down a mere \$1 from \$2,322 the previous day. On Wednesday, there had been a \$33 decline. Most commodity markets were closed Friday. Deirdre Macleod, tropical products analyst for Prudential-Bache Securities Inc., last week called it "a charming, capricious" market.

Lack of accurate crop statistics from West Africa underlies volatility.

"The market had gone up almost 500 points in three weeks in terms of the May contract," she pointed out. This means a jump of \$5,000 a contract, since each contract covers 10 metric tons.

There is some speculation that a major dealer in New York, an affiliate of a London-based commodity firm, recently bought many of the May contracts, forcing prices sharply higher, to a premium above prices in European markets.

The result has been a rush by foreign groups to ship cocoa to the United States for the favorable prices. Also, sellers from outside the United States have wanted to take advantage of the high value of the dollar in relation to other currencies.

If the dealer with the dominant position in the market does not take delivery, though, there could be a major sell-off, Miss Macleod said.

DENNIS C. KOUTRAS, vice president and director of commodity research at Drexel Burnham Lambert Inc., thinks that some of the recent volatility comes from "nearby tightness" as a result of West African shipping delays, and that there will be an orderly liquidation of the May delivery.

"The market is sensitive on the upside now and has limited potential," Mr. Koutras said. It could move in a range of \$2,050 to \$2,450 a metric ton, he said, adding that the May contract price "has started to decline."

The first delivery notice day for the contract is scheduled for April 17, and the contract expires in mid-May.

Both Mr. Koutras and Miss Macleod said that once the well-squeezed May contract expired, prices definitely would head downward. Miss Macleod is forecasting a possible bear market in the late summer as the new crop year approaches.

In recent years, the cocoa market has fallen out of step with some of the leading candy makers, such as Hershey Foods Corp. Miss Macleod pointed out that cocoa importers and dealers tend to be sellers in the market against their actual purchases of cocoa, while the chocolate makers often buy contracts to lock in prices.

But in recent years there has been a third kind of player — money managers attracted by the speculative aspect of the market. Using computer analysis for fast research, they trade actively, probably helping to exaggerate the price swings.

But a more fundamental reason for the volatility is a lack of accurate statistics, Miss Macleod noted, especially on crop figures for Ghana and Nigeria. Cocoa smuggling in Africa also has been a factor.

(Continued on Page 15, Col. 6)

Estimates Of Profits Lowered

U.S. Analysts Less Optimistic

By Nicholas D. Kristof

NEW YORK — The strong dollar and signs of weakness in the U.S. economy are forcing economists and stock market analysts to cut their estimates of corporate profits for the first quarter and for the year.

Although almost all experts say corporate profits will be at least as high this year as they were last year, they are steadily cutting initial earnings projections that they say were too optimistic.

All kinds of companies have been affected, and experts say the estimates probably will continue to be cut, sharply in some cases. The effect is already showing in a listless stock market.

"Analysts are cutting their estimates, and they seem to be accelerating the rate at which they are cutting their estimates," said Stanley Levine, a vice president of the brokerage firm Lynch, Jones & Ryan in New York. The firm's Institutional Brokers Estimate System monitors earnings forecasts from 110 brokerages on 3,300 stocks.

In February, for example, analysts on average expected Intel Corp. to earn 30 cents a share in the first quarter, which ended March 31, according to Zacks Investment Research in Chicago. The most recent forecasts are for Intel to earn only 16 cents a share in the quarter.

For United States Steel Corp., the drop in estimates was from 75 cents to 43 cents. Caterpillar Tractor Co. dropped from a loss of 3 cents to a loss of 37 cents.

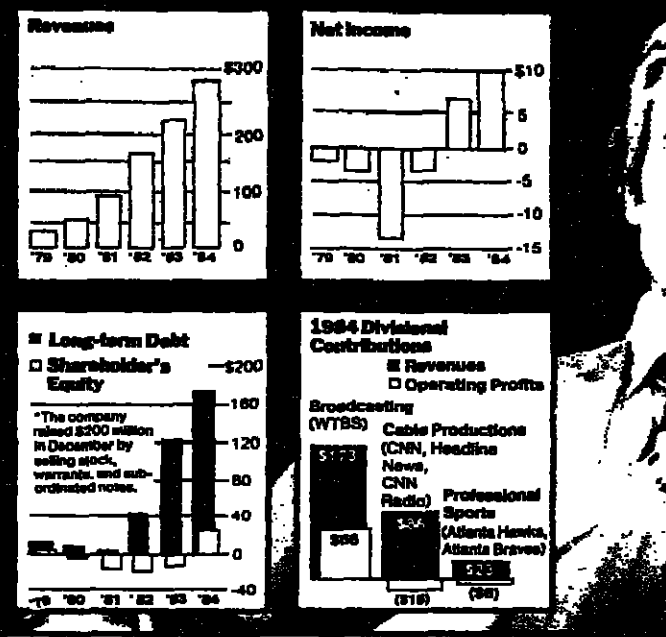
Of course, most companies have not had their estimates of earnings cut so dramatically; reductions of a few cents are more common.

Though the estimates are being cut, they may still be above the previous earnings, or only a little below. Intel, for example, earned 20 cents a share in the fourth quarter.

(Continued on Page 17, Col. 1)

Turner Broadcasting System's Financial Picture

(All figures in millions, at year-end)



Ted Turner, 'Mouth of the South,' Likes to Take On the Impossible

By Daniel F. Cuff

NEW YORK — Ted Turner has often talked about his ambition to own a television network. And for a month now, the broadcast entrepreneur from Atlanta has been rumored to be interested in taking over CBS. But so far he has made no move, and many analysts think he has no chance.

A Turner takeover of CBS "is so far from being a realistic deal it's almost impossible," said Bonnie CBS Inc. reported profit in the first quarter of 1985 of \$57 million from a year earlier, Page 15.

M. Cook, an analyst with J.C. Bradford & Co. of Nashville, Tennessee.

But she added, "That's the whole point with Ted; he's known for doing things that can't be accomplished."

On the fundamentals, such a purchase looks hopeless, most analysts say. They question where Mr. Turner would get the \$4 billion or so to buy the network.

The most likely source would seem to be Mr. Turner's company, Turner Broadcasting Systems Inc. But the company has little extra cash on hand and existing loan agreements may limit additional borrowing. Furthermore, although the company

Pickens Offers \$3.46 Billion for Unocal Control

Compiled by Our Staff From Dispatches

NEW YORK — A group led by T. Boone Pickens made a \$3.46-billion offer Monday for 64 million shares of Unocal Corp., which would give the group 51 percent of the oil company's shares.

The group, called Mesa Partners II, said it is offering \$54 for each of the Unocal shares. It said the offer would last until May 3, according to an announcement in The New York Times.

Unocal closed at \$49.125 per share, off 12.5 cents, on the New York Stock Exchange on Thursday, the last day of trading before the Easter weekend.

Mesa Partners II currently owns 23.7 million shares, or 13.6 percent, of Unocal shares outstanding.

Mr. Pickens declined to comment on the group's plan.

Barry Lane, a spokesman for Unocal based in Los Angeles, also would not comment, saying that Unocal officials did not have details of Mesa's plan.

Mr. Pickens's group has gradually increased its stake in Unocal in recent months, fueling speculation that he had chosen the company to be the latest in a string of takeover targets.

Industry analysts were not surprised by news of Mr. Pickens's offer. They said they expected Unocal to vigorously resist a takeover.

"The figure of \$54 is a very sensible number if you are going to buy out Unocal," said Sanford Margoshes, an analyst with Shearson Lehman Brothers. "From that standpoint Mr. Pickens is on target. However, I think the response of the management and the board of directors will be that it is woefully inadequate, and I believe they will make a very determined effort to resist takeover."

Unocal's chairman, Fred L. Hartley, has repeatedly clashed with Mr. Pickens over management philosophy and strategy for the oil industry.

At a congressional hearing last week, the two traded barbs, with

Mr. Hartley declaring at one point that "Mr. Pickens has somehow created a speculative frenzy that has convinced his camp followers that there's easy money to be made in attacking oil companies, and to hell with tomorrow."

Unocal is the holding company for Union Oil Co. of California, whose gasoline and lubricants are sold under the orange and blue "76" label.

Besides its domestic production, the company has overseas operations in Indonesia, the Netherlands, Thailand and Canada. It also makes specialty chemicals and fertilizers.

The company had revenue of \$11.5 billion last year.

But like other oil companies, facing excess worldwide production and decreased demand, the company has struggled. Its earnings declined for the first time in eight years in 1983, only to rebound 12 percent last year to \$700.4 million, or \$4.03 a share.

And, like many oil companies, its stock has been trading at below asset value.

Tom Tracey, an analyst with John S. Herold Inc. in Greenwich, Connecticut, has estimated that the company has assets worth about \$76 a share.

Unocal's stock was trading in the mid-\$30s late last year, before Mr. Pickens began building his stake.

In February, Mr. Pickens said he might try to take over the company and asked it to postpone its April 29 annual meeting so he could propose a rival slate of directors. The company refused.

Under Mr. Hartley's leadership, Unocal has gained a reputation for often moving against prevailing industry trends and has concentrated on long-term investment.

It has been among the most successful of the major petroleum companies at discovering domestic oil and gas to replenish reserves. For instance, last year spent \$1.31 billion on exploration worldwide.

(NYT, AP)

Currency Rates

Official findings for Amsterdam, Brussels, Frankfurt, Milan, New York rates as of 4 P.M.

Official offices for Amsterdam, Brussels, Frankfurt, Milan, Paris, New York rates of P.M.									
	Amsterdam	Brussels	Frankfurt	Milan	Paris	New York	Rate	B.F.	Yen
Dollar	2.36	4.32	112.27	16.97	1.7772		1649.	5.614	123.61
Mark	3.36	50.15	167.35	25.32	3.3322		1734.		2377
Yen	1.61	24.18	80.11	11.87	1.6101		1862.	4.971	112.65
Swiss	1.48	22.15	74.15	10.87	1.4801				103.75
Italian	1.36	20.15	68.15	9.87	1.3601				94.75
Spanish	1.66	24.15	80.11	11.87	1.6601				103.75
Portuguese	205.48	3042.50	10000.00	2000.00	205.48				3042.50
Belgian	36.75	50.15	167.35	25.32	3.3322				50.15
Dutch	2.36	4.32	112.27	16.97	1.7772				4.32
French	6.55	98.35	325.20	48.33	6.5500				98.35
German	3.36	50.15	167.35	25.32	3.3322				50.15
Japanese	1.61	24.18	80.11	11.87	1.6101				24.18
Swiss	1.48	22.15	74.15	10.87	1.4801				22.15
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7%	5%	WrtHs	.056		20	78	6	5%	6 +
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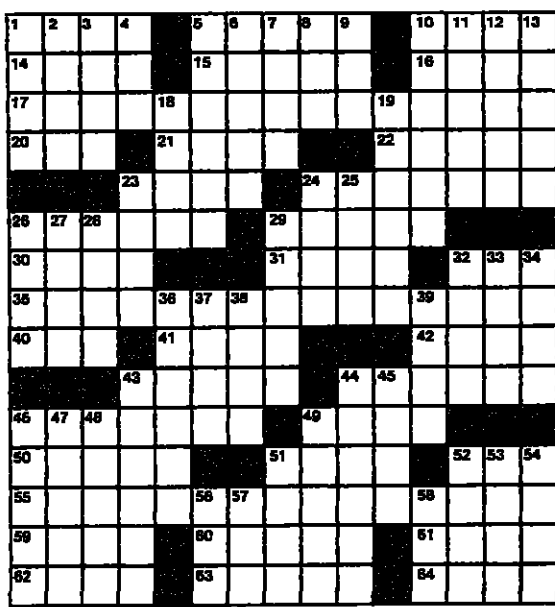
Get the latest
low-down on
high-tech in the
weekly column on
**Techno
logy.**

Sales figures are unofficial. Yearly highs and lows reflect the previous 25 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 5% or more is indicated, the year's high-low range and the dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual adjustments based on the latest dividend.

a = dividend also extra(s)/i
a = annual rate of dividend plus stock dividend/i
b = outstanding dividend/i
cd = called/i
d = new yearly low
d = dividend declared or paid in preceding 12 months/i
d = dividend in Canadian funds, subject to 15% non-resident tax.
d = dividend declared after split-up or stock dividend.
d = dividend for 12 months yearly, restricted, deferred, or no action taken at latest dividend payment.
k = dividend declared or paid this year, an accumulative issue with dividends in arrears.
n = new issue in 1975. The high-low range begins with the start of trading.
nd = next day delivery.
p = price-earnings ratio.
r = dividend declared or paid in preceding 12 months, plus stock dividend.
s = stock split. Dividend begins with date of split.
x = sales.
x = dividend paid in stock in preceding 12 months, estimate cash value an ex-dividend or ex-distribution date.
y = new yearly high.
y = new issue in 1975.
y = in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such company.
yd = when distributed.
y = when issued.
y = with warrants.
x = ex-dividend or ex-rights.
xds = ex-distribution.
xs = without warrants.
y = ex-dividend and sales in full.
yld = yield.
z = sales in full.

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هكذا في الأصل



ACROSS

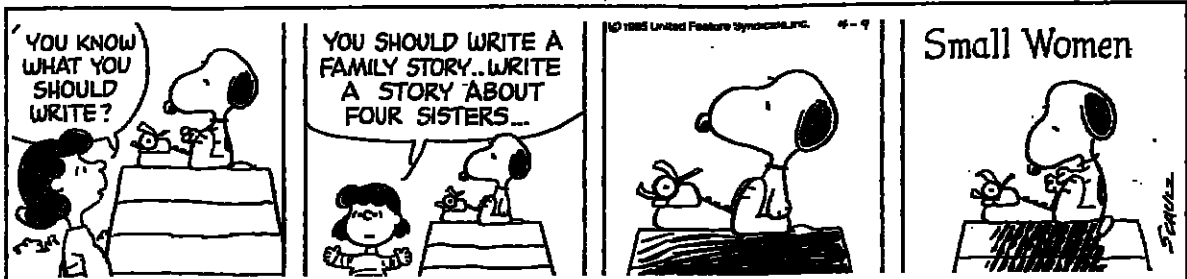
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10 — au lait
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15 Proportion
16 Earthenware
17 House and
20 Amos
21 — Eleanor
22 Roosevelt
23 Protect with
24 God of war
25 "Miss Otis
26 Peace
29 Elfinlike
30 Toward the
31 Suffix denoting
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46 Eyepiece grid
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55 U.S.
56 T.V.A. site
58 Banish
61 Take it easy
62 Scream for Spot
63 Gets one's
64 Gaelic

DOWN

1 Songwriter
2 Russian river
3 Cry loudly
4 Slippery
5 Scotland's
6 Physical
7 Sicilian
8 Afr. republic
9 Weep violently
10 Composers of
11 In existence
12 Group of
13 Far and
14 Swiss river
15 Of unre-
16 Indigence
17 Too bad!
18 Paper quantity
19 "Repeal"
20 Top of the head
21 Arthur of
22 Virginia
23 Harbor sights
24 Do a maid's
25 Fourth part of
26 RIMS
27 Rigel is one
28 Children's
29 worldwide org.
30 Slight in
31 Suburbia
32 Solemn
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37 offerings
38 French
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40 Right-hand
41 Clear sky
42 Infect or spoil
43 Architect's
44 foundation
45 Line, as a root
46 State
47 Mammie's
48 predecessor
49 Tivoli's Villa
50 Suffix with
51 "Repeal"
52 Amendment
53 Anger

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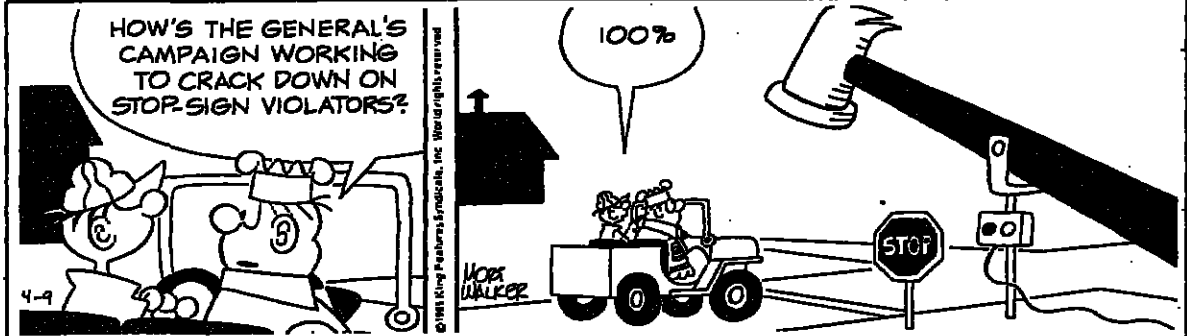
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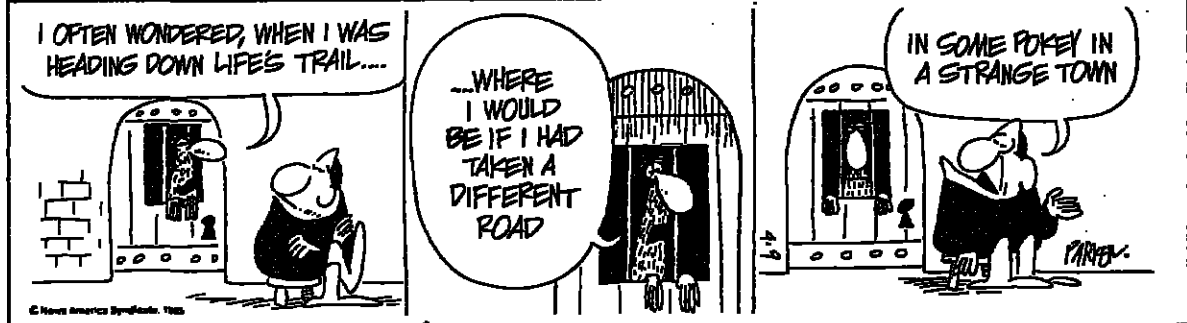
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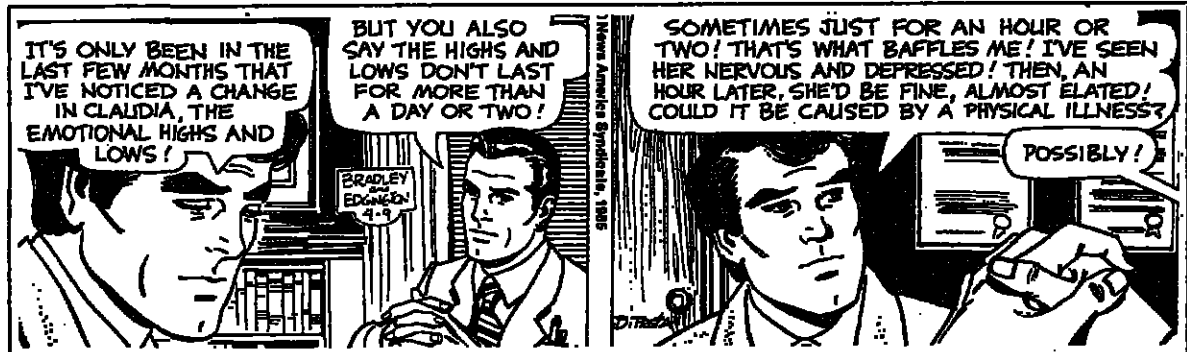
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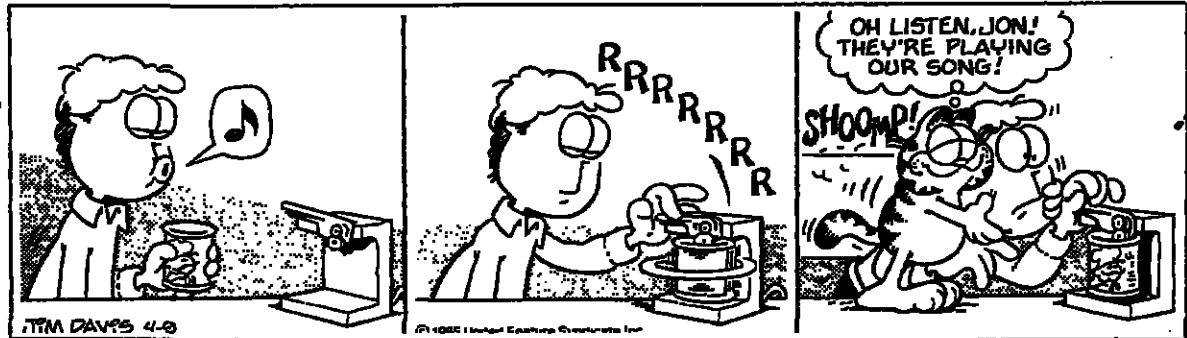
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REX MORGAN



GARFIELD



BOOKS

THE SOUTH AFRICAN QUILT

By Walter D. Edmonds. 186 pp. \$14.95.
Little, Brown, 34 Beacon Street,
Boston, Mass. 02106.

Reviewed by Alan Ryan

WALTER D. EDMONDS was born in 1903 and began writing in his 20s. Over the years, he has produced many books, including "Drums Along the Mohawk" in 1936 and "Chad Hanna" in 1940. In 1975, he won a National Book Award for "Bert Bren's Barn." Now in his 80s, he has written a new novel called "The South African Quilt," and it has the look of a classic.

However, this is not to be regarded as a good book merely because its author is advanced in years. Books are good or bad, and this is a very good one. Its portrayal of a boy's rite of passage into young adulthood is remarkable because it is so sensitively and convincingly done, and not because its author is so far distanced from his childhood. But it certainly does seem true that, at least in Edmonds's case, age has brought a wonderful wisdom.

The novel is very short, and its focus is very narrow. It is set in the summer of 1915 on a farm in the remote stretches of upper New York State. Natty Dunston is 12 years old and spending the summer alone with his father, since his sickly mother has returned to their home in New York City. His father—64 years of age and quietly, stolidly tyrannical—fills the boy's thoughts. Natty has some friends—neighboring farm family and his father's own employees—but throughout the summer, his principal source of companionship and comfort is his precocious and bumptious puppy named Bingo.

A lovable boy with a mean father? A cute little puppy named Bingo? Is the book as sentimental as a bare outline makes it sound? Not a bit of it.

Edmonds succeeds, with uncanny sureness, in taking us inside the mind of young Natty and in giving us a moving and vivid boy's-eye view of the world. And what a threatening world it can be when everything you're doing is being done for the first time, when everyone but you seems to know what he's about, when you know perfectly well what's expected of you but can't bring yourself to do it... and especially when your father, who absolutely rules your world, can twist logic so that you are guilty even when innocent and wrong even when right.

Natty's father is a hard man who likes every element of his life to be regular, predictable, and familiar. He likes a cold baked apple for his breakfast every morning, and it had better be there. Without even examining the thought, he thinks he knows exactly what is right and best for his life and everyone else's. And what is right and best definitely does not include wayward little boys and precocious puppies. Seen through Natty's eyes, the father looms larger and more menacing as the otherwise warm and pleasant summer lengthens. If there are happy days of playing in the oat sheaves with Bingo, there are many other days when Natty dreads his father's displeasure at some imagined transgression.

The quilt of the title is a 30-inch leather crop, too savage, it appears, to be used on a horse, that is sent to Natty's father by a friend. Prominently displayed in the house, the quilt becomes a visible sign of the constant threat posed to Natty's precarious safety. One day, Natty knows, it will be used. The only question is how long he can avoid it.

At the center of the story is Natty's failure to share his father's view of the world, and his resistance to seeing the world as an adversary. He is too young, too curious, too unspoiled by life to turn inward and create a private deme of his existence, as his father has done. Natty is still turned outward, eager to explore and embrace the world, and struggling to learn how. The ending of the book—in the manner of real life—is a mixture of triumph and sadness. It is touching in the best way: it is honest.

"The South African Quilt" is a modest novel with a quiet voice, but it has the look and feel of real life. Technically, it shows the mastery of a lifetime's craftsmanship. Only time will tell, but I suspect this is the kind of book one can reread often in a lifetime.

Alan Ryan, author of "Cast a Cold Eye," wrote this review for The Washington Post.

Solution to Previous Puzzle

APTE RECAP SWAB
SODA EMAIL PAINE
PEER APPRECIATE
STAB TOEDANCER
EASY GRIE
AGENDA TREE FNA
MENDACIOUS ERAS
ALDER SIS DYERS
TIER SILHOUETTE
ODD APSE CLOSET
AIR PALP
HEADLINER ELLA
IMPOSTURES NEON
LEER ELITE ETION
LURE SLEET RATE

CHESS

By Robert Byrne

been risky as well as uncomfortable, but Watson's alternative, 21 N-5-B3, let Spraggett thrust 21... R-K5. Soon, after 22... B-N3, Watson had to lose his KBP because 23 P-N3? permits the crushing 23... R/5xN.

The advance of the QBK with 23 P-B4 and 24 P-B5 was supposed to keep the black bishops at bay, but the pawn could only hamper one of them at time.

After 27... R-R4, there setting up a Nimzovitchian blockade with 9 BxN, P-B3, 10 P-QN3. But before Watson had time to go ahead with the further links of the strategy, 11 P-Q3, 12 B-R3 and 13 N-R4 Spraggett sacrificed a pawn with 10... P-B5? to obtain play for his pieces.

Spraggett disclaimed the recovery of his pawn beginning with 13... BxN; 14 P-B3, QxP in favor of remaining true to his gambit with 13... P-B3.

When Watson's 19 N-N5 indicated that he intended a blockade with 20 B-Q4 or 20 N-Q4, Spraggett responded with a second pawn sacrifice, 19... P-Q5?, which opened the diagonal of his QB.

Letting Black have a cross-pin after 21 R-B2 would have

been risky as well as uncomfortable, but Watson's alternative, 21 N-5-B3, let Spraggett thrust 21... R-K5. Soon, after 22... B-N3, Watson had to lose his KBP because 23 P-N3? permits the crushing 23... R/5xN.

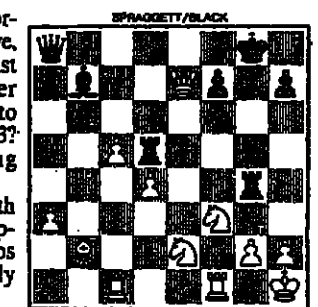
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Position after 26 Q-Q5

oversteered the time limit and forfeited. In any case, 44 R-KB2, R-Q4; 45 R-R45 N-K5?, R-N1, QxR would have been hopeless for White.

Accordingly, Watson desperately tried to annoy the black pieces with 28 Q-Q7, N-B3; 29 Q-Q6, but after 29... R-Q4; 30 Q-K7, R-K5!, his queen was trapped. It could not be freed by 31 N-K5? in view of 31... R/4xN!; 32 P-RxN, when the white king cannot be defended.

Getting rook plus bishop for the queen with 31 QxR, NxQ; 32 P-RxP, PxP was little solace, since the poor blocked white bishop denied White reasonable resources.

On 43... N-B5, Watson



"ME AN' MR. WILSON WERE HAVIN' A REALLY NICE TALK UNTIL I FOUND OUT HE WAS ASLEEP."

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

TAGUM
LULBY
COPTEK
FLOUJY

Print answer here: VERY

Yesterday's Jumbles: FILMY PLAID FLORID PEOPLE

Answer: What the angry mummy did—FLIPPED HIS LID

Answers tomorrow

Answers tomorrow

Answers tomorrow

Answers tomorrow

Answers tomorrow

Answers tomorrow

Answers tomorrow

Answers tomorrow

Answers tomorrow

Answers tomorrow

Answers tomorrow

Answers tomorrow

Answers tomorrow

Answers tomorrow

Answers tomorrow

Answers tomorrow



Bernie Kosar

Quarterback Kosar Is Learning to Run Pro Options

By Ira Berkow

New York Times Service

MIAMI — "Seen Bernie?" Alvin Ward was asked as he came upon a small knot of people on the sidewalk.

"The Franchise not here yet?" said Ward, the senior guard for the University of Miami football team. He turned, looked over the quadrangle of other book-laden students, then turned back and shrugged. Under different circumstances, Ward has spent a lot of time with Kosar behind him and generally has a sure instinct of where he is.

It was shortly before one on a recent Friday afternoon. Outside Memorial Building's classroom 112, there stood, under a palm tree, several people waiting to see Bernie Kosar—a self-described hermit for the last few months.

He had been trying to make an important decision about his life. But he hadn't been shying away from class. This one—Finance 306: Monetary and Fiscal Policy—he has missed only once since it began on Jan. 13. Kosar has also been a regular in International Finance, where he received the highest grade on the midterm exam.

In the last couple of months, Kosar had been unavailable to reporters interested in whether he would continue to take classes about money or just take the money. His professional services could bring as much as \$5 million to \$8 million for the next five or six years, because Kosar has succeeded mightily at college football by using his arm and his head.

Kosar has been Miami's star quarterback for the last two seasons. In 1983, as a freshman in terms of eligibility (he had been red-shirted), he led the Hurricanes to their first national championship.

And in Miami's season-ending 31-30 defeat of top-ranked Nebraska, Kosar threw for an Orange Bowl record of 300 yards and for two touchdowns.

Last year wasn't so glamorous, but Kosar remained a standout. In fact, in a contest that may become one of the most talked-about games of all time, he was upstaged only as time expired. On national television in late November, Miami was beating Boston College, 45-41, when B.C.'s Doug Flutie,

who had begun scrambling with two seconds remaining, threw a touchdown pass 63 yards to win the game. Until then, Kosar and Flutie had each thrown two TD passes and Kosar had been ahead of Flutie in total yards passing, 447 to 424.

Many people remember only Flutie's final pass. But pro scouts remain impressed with Kosar's ability to direct a football team.

Kosar, an academic all-American last season and second to Flutie on many of the general all-American teams, is expected to complete requirements for a bachelor's degree this summer in a double major, finance and economics. His grade-point average is currently 3.3 out of 4.0. He will have finished his class requirements for a diploma in three years.

Meanwhile, he still has two years of college football eligibility left. What to do?

He saw Flutie, a senior, accept a multi-million-dollar contract with the New Jersey Generals. It was clear that no other highly prized quarterback was coming out of college this year. And when two leagues bid against each other, it certainly has to improve a player's bargaining power. Kosar is now in that position.

The National Football League draft will be held April 30. Buffalo, which drafts first, has already signed Bruce Smith of Virginia Tech. Houston is next. The Oilers don't necessarily need another quarterback, but might be happy to draft Kosar and then make a deal with another team that does need one.

In the United States Football League, the Orlando Renegades had territorial rights to Kosar and are anxious to snare a quarterback with his potential.

Home in Youngstown, Ohio, for the spring break, Kosar recently held a press conference and announced his intention to turn pro.

"There's Franchise now," said Alvin Ward. Behind him approached a tall, loose-limbed and not particularly muscular-looking young man in a red jacket rolled up at the sleeves, no shirt, gray shorts, white ankle-high basketball shoes, sunglasses under dark curly hair. He held a loose-leaf notebook in his large right hand.

It was nearly 1 o'clock. "Wasn't sure you

were going to make it," someone said. "Not missing my classes now—too close to the end." Kosar said with a smile, but the look in his eyes was quite sober.

A photographer asked him to pose for a few pictures. After a couple of shots, Kosar said he had to get into class.

He took a seat in the first row against the wall and the professor started discussing the intricacies of state and municipal bonds. Kosar crouched over his notebook and wrote.

"Classes like that one have been very helpful to me, especially in the last couple of months," Kosar said as he walked across campus back to his dormitory. "Like, I've had a lot of guys claiming to be agents calling me or waiting for me after class or outside of my dormitory. They throw all kinds of figures around. Like, one guy said that the athletes he represented averaged a 46 percent profit on all their investments, on very safe investments."

"Well, you learn that that's just about impossible when you're very careful investing your money. So you get a pretty good idea who's trying to snare you."

Still, he said, the last two months had been a struggle about what to do. "I was honestly confused. The question in my mind was, 'Am I ready to leave?' Should he play at least another year? Go to graduate school? Apply for a Rhodes scholarship? "Did I want to venture into the outside world?"

His advisers include his father, Bernard Kosar Sr., who has a degree in engineering and sells air compressors, and the family dentist, Dr. John Geletka. There are some who think the "decision" was simply a ploy Kosar and his brain trust used to try to make him as desirable a professional commodity as possible. Indeed, his father had said that his boss always says: "A good salesman never leaves money on the table"—i.e., one makes the best business deal one can.

"It wasn't fair to the University of Miami for me to keep the team dangling on whether I'd be back or not," said Kosar, "and so I made the announcement."

Later that recent Friday, Kosar held a news conference in Miami to answer any

questions that might have arisen during his seclusion.

He said the Oilers, who haven't made a decision on what they're going to do with their draft rights to him, "hold my future in their hands, and I wish they'd make some kind of move. But I can understand why they're waiting." For the same reason, apparently, he waited—to try to maximize benefits.

Does he think he can step right in and lead a pro football team? "Any time I take a challenge," he said, "I do the best I can. I try to take pride in taking that challenge."

Does that mean he thinks he can do it? "Yes," he said, cutting through the glass.

He has reason for confidence. Not heavily recruited when he was coming out of high school, he was red-shirted at Miami because he wasn't as physically developed as players he would be competing against.

In his first year of eligibility he came to spring practice as the No. 3 quarterback. But he was soon starting, and after a loss in the season opener he led the team to victories the rest of the way, finishing 11-1 and earning the national title.

"Bernie's so bright that he can grasp a concept very quickly, and then apply it immediately on the field," said Earl Morrall, the former pro quarterback and a part-time assistant coach at Miami. "Other guys have to find out by trial and error. Not Bernie. And he has great composure. You see the way he handles a team under pressure, in se-saw games. I think he'll make a very good pro."

Kosar has a history of going beyond expected requirements. The best example is in the classroom, with motivation from his father. "All the time Bernie has been in school," said his father, "if he was taking four courses, I'd ask him to take five. I told him, 'I'm asking is that you do just 20 percent more than you are doing.'"

The news conference at the hotel was winding down: Yes, responding to a last question, all this attention was exciting. "I've never experienced anything quite like this," Kosar said.

But now he had to get back to the dorm. Monetary and Fiscal Policy, a subject he was endeavoring to put to pragmatic application.

